

Canada Trustco Annual Report 1977



Canada Trust

CANADA TRUSTCO MORTGAGE COMPANY

Shareholder Quarterly

Six Months Ended June 30th, 1977

Both second quarter and half year results for 1977 show significant improvement over the comparable periods of 1976.

Net earnings per common share fully diluted of \$1.58 for the half year and 82¢ for the second quarter increased 33% and 39% respectively over the same 1976 periods. The improvement in net earnings is attributable to increased business volume, higher interest rate spread and satisfactory growth in fees and commissions. The non-interest expense increase at 30% for the six months ended June 30, 1977 continues high but meaningful comparison with prior year periods is not possible due to acquisitions and consolidation of their income, expense and earnings only subsequent to June 30, 1976.

Total assets under administration at June 30, 1977 were \$7.5 billion, an increase of \$616 million or 9% from December 31, 1976.

Application of Anti-Inflation Board margins and guidelines to results to date and projections for the full year, adjusted by credits for new capital and investment, continue to indicate no excess revenue.

Continued transaction volume increases and new hardware announcements by IBM have modified our strategic direction in data processing. Our present on-line savings system uses IBM 1060 and 2970 teller terminals and an IBM 360/40

computer to process transactions. An IBM 370/158 computer supports all of our other systems.

To take advantage of advancements in technology and continually improve customer service in a growth environment, we have acquired the Canadian On-Line Financial Information System software package of IBM to replace our present on-line savings system. This new system supports the 3600 family of terminals which we plan to acquire in 1978 to replace our present network. The price and performance of the recently announced IBM 3033 computer is such that we have placed one on order for anticipated 1978 delivery. This computer will process transactions for all of our systems including the new on-line savings system and have the capacity to handle forecasted growth in transaction volumes and potential new applications over the next half decade.

A financial service branch was opened in Listowel, Ontario on July 4th bringing our network to 127. An additional 14 branches are scheduled for opening over the next twelve months.

Barring a dramatic rise in interest rates, the earnings outlook for the last half of the year remains excellent.

July 18, 1977

Canada Trustco



The following statements are the unaudited consolidated results for the three months and six months ended June 30, 1977, showing a comparison for the same periods in 1976. The earnings shown do not necessarily represent an annual rate of profit, because of seasonal variations.

STATEMENT OF EARNINGS

THREE MONTHS ENDED JUNE 30

SIX MONTHS ENDED JUNE 30

INCOME	THREE MONTHS ENDED JUNE 30			SIX MONTHS ENDED JUNE 30		
	1977	1976	% Increase (Decrease)	1977	1976	% Increase (Decrease)
Investments						
Cashable term deposits and securities	\$ 15,732,000	\$ 11,394,000	38	\$ 29,287,000	\$ 20,414,000	44
Loans and other	81,543,000	57,695,000	41	159,682,000	112,300,000	42
	<u>97,275,000</u>	<u>69,089,000</u>	41	<u>188,969,000</u>	<u>132,714,000</u>	42
Fees and commissions						
Personal trust	1,935,000	1,859,000	4	4,831,000	4,504,000	7
Pension and pooled trust funds	1,292,000	961,000	34	3,762,000	2,991,000	26
Corporate trust	433,000	524,000	(17)	792,000	886,000	(11)
Real estate sales	4,266,000	3,000,000	42	6,919,000	5,414,000	28
	<u>7,926,000</u>	<u>6,344,000</u>	25	<u>16,304,000</u>	<u>13,795,000</u>	18
Other	2,096,000	1,400,000	50	3,913,000	2,555,000	53
	<u>107,297,000</u>	<u>76,833,000</u>	40	<u>209,186,000</u>	<u>149,064,000</u>	40
EXPENSE						
Interest on deposits	76,029,000	55,759,000	36	148,855,000	106,530,000	40
Salaries, pension and other employee benefits	10,029,000	7,717,000	30	19,602,000	15,423,000	27
Real estate commissions	2,856,000	2,051,000	39	4,605,000	3,689,000	25
Net occupancy and equipment	2,910,000	2,020,000	44	5,913,000	4,219,000	40
Advertising	1,072,000	893,000	20	2,070,000	1,734,000	19
Other	3,605,000	2,698,000	34	7,294,000	5,344,000	36
	<u>96,501,000</u>	<u>71,138,000</u>	36	<u>188,339,000</u>	<u>136,939,000</u>	38
Earnings before income taxes	10,796,000	5,695,000	90	20,847,000	12,125,000	72
Income taxes	3,718,000	1,592,000	134	7,470,000	3,910,000	91
NET EARNINGS	<u>\$ 7,078,000</u>	<u>\$ 4,103,000</u>	73	<u>\$ 13,377,000</u>	<u>\$ 8,215,000</u>	63
Attributed to						
Preference shares non-convertible	\$ 374,000	\$ 167,000	124	\$ 516,000	\$ 333,000	55
Preference shares convertible	566,000	543,000	4	1,132,000	1,087,000	4
Common shares	6,138,000	3,393,000	81	11,729,000	6,795,000	73
	<u>\$ 7,078,000</u>	<u>\$ 4,103,000</u>	73	<u>\$ 13,377,000</u>	<u>\$ 8,215,000</u>	63
Net earnings per common share-basic	88¢	61¢	43	\$ 1.68	\$ 1.23	36
Net earnings per common share-fully diluted	82¢	59¢	39	\$ 1.58	\$ 1.19	33
Dividends paid per common share	40¢	30¢	33	70¢	60¢	17
Number of shares outstanding						
Preference non convertible series A	325,000	380,280	(15)	325,000	380,280	(15)
convertible series B	1,500,000	1,500,000		1,500,000	1,500,000	
convertible series C	56,437			56,437		
non convertible series D	1,250,000			1,250,000		
Common Class A	6,256,732	5,804,100	8	6,256,732	5,804,100	8
Class B	731,931	167,030	338	731,931	167,030	338

STATEMENT OF CONDITION

	<u>JUNE 30 1977</u>	<u>% Increase (Decrease)</u>	<u>JUNE 30 1976</u>	<u>DECEMBER 31 1976</u>
ASSETS				
Investments				
Cash and cashable term deposits	\$ 249,986,000	14	\$ 219,061,000	\$ 227,962,000
Securities	658,639,000	69	389,229,000	440,487,000
Loans and other	3,183,839,000	26	2,522,801,000	2,999,068,000
	<u>4,092,464,000</u>	31	<u>3,131,091,000</u>	<u>3,667,517,000</u>
Premises and equipment	35,140,000	8	32,481,000	34,004,000
	<u>\$4,127,604,000</u>	30	<u>\$3,163,572,000</u>	<u>\$3,701,521,000</u>
LIABILITIES				
Deposits	\$3,912,452,000	30	\$3,007,609,000	\$3,523,748,000
Other	9,150,000	87	4,896,000	5,139,000
Provision for future income taxes	26,828,000	27	21,084,000	25,187,000
	<u>3,948,430,000</u>	30	<u>3,033,589,000</u>	<u>3,554,074,000</u>
SHAREHOLDERS' EQUITY	<u>179,174,000</u>	38	<u>129,983,000</u>	<u>147,447,000</u>
	<u>\$4,127,604,000</u>	30	<u>\$3,163,572,000</u>	<u>\$3,701,521,000</u>
Personal, pension and pooled trust funds	\$3,379,000,000	13	\$2,986,000,000	\$3,189,000,000
Total assets under administration	\$7,507,000,000	22	\$6,150,000,000	\$6,891,000,000

QUARTERLY ANALYSIS OF NET EARNINGS (in thousands of dollars except interest rate spread and earnings per share)

Quarter	Interest rate spread taxable equivalent basis	Investment income less interest on deposits	Fees and commissions	Non interest expenses	Net earnings	Net earnings per common share - fully diluted
1st	2.14%	\$ 9,733	\$ 4,920	\$ 8,490	\$ 3,405	\$.62
2nd	2.37	10,654	3,687	8,627	3,100	.56
3rd	1.69	8,545	4,835	8,739	2,970	.54
4th	2.22	10,806	4,305	9,153	3,427	.62
1973	2.11	39,738	17,747	35,009	12,902	2.34
1st	1.63	9,004	5,863	10,029	2,891	.52
2nd	1.54	8,531	5,183	10,855	2,035	.37
3rd	1.35	7,737	5,429	10,702	1,996	.36
4th	1.40	8,036	4,782	10,973	2,107	.36
1974	1.47	33,308	21,257	42,559	9,029	1.61
1st	1.48	8,762	6,121	11,731	2,391	.40
2nd	1.93	11,851	6,179	12,914	3,680	.57
3rd	1.76	11,885	6,971	13,436	3,750	.55
4th	1.90	12,481	6,733	14,565	4,258	.62
1975	1.77	44,979	26,004	52,646	14,079	2.14
1st	1.74	12,854	7,451	15,030	4,112	.60
2nd	1.85	13,330	6,344	15,379	4,103	.59
3rd	1.68	14,120	7,377	16,494	4,197	.57
4th	1.93	16,075	6,695	17,107	5,291	.71
1976	1.80	56,379	27,867	64,010	17,703	2.47
1st	1.90	18,868	8,378	19,012	6,299	.76
2nd	2.10	21,246	7,926	20,472	7,078	.82
1977	2.00	40,114	16,304	39,484	13,377	1.58

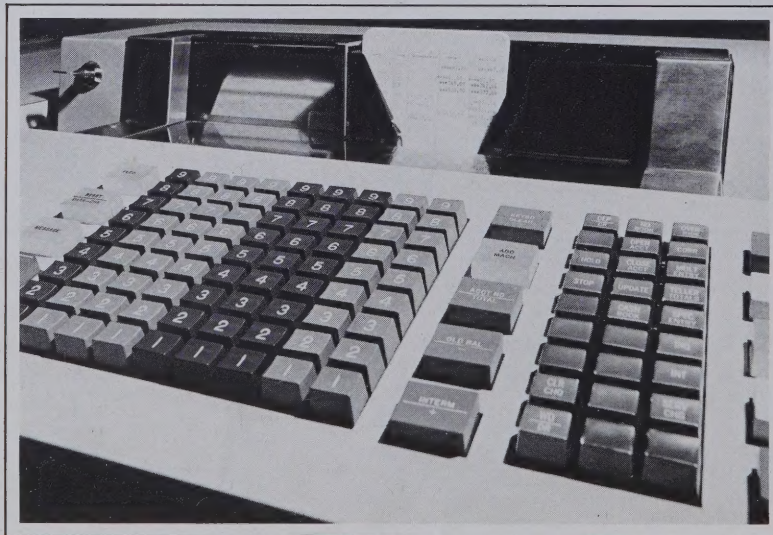


Putting our customers' money where they are!

It is always nice to know your money is handy . . . whether you are close to home, in another part of your community, or on a trip. Over ten years ago Canada Trust became one of the first Canadian financial institutions to link its branches electronically. Today, customers at 92 of our 127 branches across Canada can make computer-quick deposits and withdrawals at any of these branches, just as readily as at their home branch. In fact, of the 18 million transactions these "computer" branches will process in 1977, 22% will be for customers using other than their home branch.

But, customer convenience is only one aspect to computerized savings . . . besides being key to handling rapidly increasing volumes, improved internal productivity has resulted in substantial annual cost savings.

The future? Expansion and enhancements. Plans call for linking the remainder of our savings branches, as well as making the necessary adjustments to broadening the range of savings services sharing the system.



Canada Trustco





*J. Allyn Taylor
will retire as Chairman of the Board and of the Executive
Committee at the Annual General Shareholders' Meeting on
Tuesday, February 21st, 1978.*

"Yet I doubt not through the ages one increasing purpose runs." (Tennyson)

The Directors wish to acknowledge Mr. Taylor's contribution to the growth and stature of the Company during a distinguished career extending over 42 years.

Allyn Taylor was attracted to the trust industry soon after graduating from the University of Manitoba in 1928. He joined Canada Trust in 1935 as an Estates Manager. This Winnipeg post was the beginning of his long career with the Company, a career that led through Trust Superintendent at Head Office to Trust Executive, Assistant General Manager, and General Manager in 1957. The following year he became President and General Manager, President and Chairman of the Board in 1967, and Chairman of the Board in 1973.

His significant achievements in these positions are too well known to require elaboration here. Instead, we should ask, what is the secret of his success? The answer is not hard to find. Allyn Taylor's "one increasing purpose" can be stated in the single word, SERVICE. This is an old-fashioned word these days, and his recipe for service is of the old-fashioned variety

Take equal parts of fierce loyalty to company and country, hard work and good judgment, and an appetite for responsibility.

Mix with flashing wit, compassionate humour and an ability to face problems head-on.

Marinate in an atmosphere of mutual trust and confidence, a personal concern for the welfare of your fellow man.

Baste frequently with extra-mural service to such varied ventures as business memberships, company directorships, hospital, art gallery and fund-raising chairmanships, university governor and chancellorships.

Add occasional vivid dashes of Irish temperament.

Top off with a wife whose shining qualities prove that his good judgment is matched only by his good fortune.

Season with golf, billiards, and an uncanny ability to tell the right story at the right time.

Apply consistently.

The Directors thank Mr. Taylor warmly for his great contributions and are delighted his advice and wise counsel will continue to be available as a Director of the Company and a Member of the Executive Committee.

CONTENTS

	<i>Page</i>
J. Allyn Taylor	<i>One</i>
Contents	<i>Two</i>
Directors	<i>Three</i>
Ten Year Record	<i>Four</i>
Report to Shareholders	<i>Six</i>
FINANCIAL STATEMENTS	
Statement of Earnings	<i>Fifteen</i>
Statement of Condition	<i>Sixteen</i>
Retained Earnings Contributed Surplus	<i>Eighteen</i>
Changes in Financial Condition	<i>Nineteen</i>
Notes to Financial Statements	<i>Twenty</i>
Auditors' Report	<i>Twenty-three</i>
Quarterly Analysis of Net Earnings Maturities	<i>Twenty-four</i>
Five Year Analysis	<i>Twenty-five</i>
Simplified Financial Statements	<i>Twenty-six</i>
Fourth Quarter Earnings	<i>Twenty-eight</i>
Executive Management Senior Management	<i>Twenty-nine</i>
Advisory Groups Real Estate and Mortgage Office Locations	<i>Thirty</i>
Financial Services Branch Locations	<i>Thirty-one</i>

Annual General Shareholders' Meeting
2 p.m. Tuesday, February 21, 1978
Holiday Inn, City Centre Tower, London, Ontario

Preference shares series B convertible and common shares are listed on Toronto, Montreal, Vancouver and Alberta Stock Exchanges.

V-Day valuation of common shares as at December 22, 1971 is \$25.00.

Head Office: Canada Trust Tower, 275 Dundas St., London, Ontario, Canada N6A 4S4

FOCUS ON MORTGAGES

This year's Report gives special emphasis to our mortgage operation.

It was an important year for mortgages as our portfolio passed the \$3 billion mark . . . an increase of 139% in the last five years and 600% since 1965.

As one of the largest and most sophisticated mortgage lenders in the country, we provide financing for a wide variety of quality properties: single, detached and semi-detached residential; multi-family rental; commercial and industrial.

Photographs representing some of our mortgage investments appear throughout the Report to Shareholders.



Member of The Trust Companies Association of Canada

DIRECTORS

- ° Canada Trustco Directors
- * Canada Trust Directors
- † Members of the Executive Committee

- * JOHN ANDERSON, Niagara Falls
Retired Executive
- ° A.E. BARRON, Toronto
Chairman, Canadian Tire Corporation Limited
- †° WALTER A. BEAN, Waterloo
Deputy Chairman, Canada Trust
Chairman, Economical Mutual Insurance Company
- * WESLEY J. BEATTY, Acton
Retired Executive
- * WALTER J. BLACKBURN, London
Chairman & Publisher, London Free Press Printing Company Limited
- * R.P. BRATTY, Toronto
Barrister and Solicitor
- * C.W. BRAZIER, Vancouver
Barrister and Solicitor
- * HUGH CAMPBELL, Ottawa
Corporate Director
- ° C. ROBERT CLARKE, London
Vice-President - General Counsel and Secretary, Canada Trust
- ° G.E. CREBER, Toronto
President and Chief Executive Officer
The Consumers' Gas Company
- ° JOHN B. CRONYN, London
Corporate Director and Consultant
- †° FREDERICK W. DAKIN, Hamilton
President and Chief Executive Officer
The G.W. Robinson Company Limited
- * G.H. DOBBIE, Cambridge
President, Dobbie Industries Limited
- * T. EDMONDSON, St. Catharines
Honorary Chairman, Ferranti Packard Limited
- * E.F. FINDLAY, Toronto
Chairman and President
Silverwood Industries Limited
- †° J.D. HARRISON, London
Barrister and Solicitor
- * W. HOWARD HEMPHILL, Stratford
Chairman, Imperial Furniture Mfg. Co. Limited
- * ELMORE HOUSER, Toronto
Barrister and Solicitor
- †° A.H. JEFFERY, London
President, London Life Insurance Company
- * C.C. KNUDSEN, Vancouver
President and Chief Executive Officer
MacMillan Bloedel Limited
- †° TOM LAWSON, London
Vice-President, Canada Trust
Chairman and President, Lawson & Jones, Limited
- †° K.R. MacGREGOR, Waterloo
Chairman, The Mutual Life Assurance Company of Canada
- * H.S. MATTHEWS, Guelph
Retired Executive
- * W.J. MCGIBBON, Waterloo
Barrister and Solicitor
- * DUNCAN McINTOSH, Cambridge
Retired Executive
- ° M.C.G. MEIGHEN, Toronto
Vice-President, Canada Trust
Chairman, Canadian General Investments Limited
- †° ARTHUR H. MINGAY, Toronto
President and Chief Executive Officer
Canada Trust
- * KENNETH G. MURRAY, Kitchener
President, Schneider Corporation
- * CARL O. NICKLE, Calgary
President, Conventures Limited
- ° LOUIS RASMINSKY, Ottawa
Corporate Director
- * KENNETH A. ROBERTS, Toronto
Chairman, Goldale Investments Limited
- * E.G. SCHAFER, Kitchener
Senior Vice-President, Lutheran Life Insurance Society of Canada
- * J.E. FROWDE SEAGRAM, Waterloo
Chairman, Canbar Products Limited
- * G.E. SHARPE, Winnipeg
President, Sharpe's Limited
- * W.H. SPRAGUE, Edmonton
Chairman, Sprague Drug Limited
- * W.J. STENASON, Montreal
Executive Vice-President
Canadian Pacific Investments Limited
- * R.W. STEVENS, Toronto
Barrister and Solicitor
- * JOHN D. STEVENSON, Toronto
Barrister and Solicitor
- * J.J. STUART, Windsor
Chairman and President
J.T. Wing Limited
- †° J. ALLYN TAYLOR, London
Chairman, Canada Trust
- * NOAH TORNO, Toronto
Chairman and Chief Executive Officer
Jordan & Ste. Michelle Holdings Limited
- * RAYMOND A. WHEELER, London,
England. Executive Director, Hambros Bank Limited
- * PETER N.T. WIDDRINGTON, London
President and Chief Executive Officer
John Labatt Limited
- ° J.D. WILSON, Vancouver
Corporate Director
- * R.B. WILSON, Victoria
President, The B. Wilson Company Limited

Honorary Directors

HENRY BORDEN
J.V. CLYNE
V.P. CRONYN
GORDON FARRELL
W.W. FOOT
COLIN S. GLASSCO
HAROLD H. LEATHER
O.E. MANNING
C.A. MARTIN
HUGH L. McCULLOCH
G.E. ROBERTSON
JOHN W. SCOTT
MERVYN J. SMITH (deceased Jan. 1978)
J. GORDON THOMPSON
ALFRED S. UPTON
A. ERNEST WALFORD
CLARENCE WALLACE
C.N. WEBER
G.E.G. WHITAKER

TEN YEAR RECORD

	1977	1976	1975
For the year (in thousands)			
Income			
Investment	\$ 395,991	\$ 292,724	\$ 219,984
Fees and commissions	32,770	27,867	26,004
Other	8,213	5,976	5,102
	<u>436,974</u>	<u>326,567</u>	<u>251,090</u>
Expense			
Interest on deposits	307,312	236,345	175,005
Salaries, employee benefits and commissions	51,273	40,786	34,362
Other	32,239	23,224	18,284
	<u>390,824</u>	<u>300,355</u>	<u>227,651</u>
Earnings before income taxes	46,150	26,212	23,439
Income taxes	16,164	8,509	9,360
Net earnings	<u>\$ 29,986</u>	<u>\$ 17,703</u>	<u>\$ 14,079</u>
At year-end (in thousands)			
Assets under administration	\$7,860,000	\$6,891,000	\$5,563,000
Personal, pension and pooled trust funds	<u>3,460,000</u>	3,189,000	2,937,000
Deposits	4,163,000	3,524,000	2,483,000
Loans	3,396,000	2,974,000	2,151,000
Shareholders' equity	189,000	147,000	121,000
Per common share			
Net earnings			
Basic	\$ 3.76	\$ 2.57	\$ 2.17
Fully diluted	3.50	2.47	2.14
Dividends paid including tax paid on Class B dividends	1.30	1.20	1.20
Shareholders' equity	18.15	15.71	15.06
Market price			
High	29	26½	27
Low	20⅝	18¾	22
December 31	29	21	24½
Price-fully diluted earnings multiple, December 31	8.3	8.5	11.4
Statistical data at year-end			
Number of shares outstanding			
Preference series A	312,059	325,000	380,280
series B	1,500,000	1,500,000	1,500,000
series C	56,437	56,437	
series D	1,250,000		
Common Class A	6,772,619	6,800,576	5,521,088
Class B	216,144	188,087	
Percentage of shares held in Canada	99	99	99
Number of shareholders	7,252	7,401	6,309
Volume of shares traded during the year			
Preference series B and C	450,000	215,000	263,000
Common Class A and B	582,000	402,000	443,000
Number of branches and mortgage offices	138	125	96
Number of full-time employees	2,667	2,451	2,224
Number of regular part-time employees	304	257	179
Number of real estate offices	58	56	48
Number of real estate sales representatives	594	578	460



1974	1973	1972	1971	1970	1969	1968
\$ 181,346	\$ 149,793	\$ 129,796	\$ 114,946	\$ 101,691	\$ 83,806	\$ 58,172
21,257	17,747	14,492	11,678	10,283	7,767	6,360
4,592	2,620	2,134	2,343	2,015	1,858	1,007
<u>207,195</u>	<u>170,160</u>	<u>146,422</u>	<u>128,967</u>	<u>113,989</u>	<u>93,431</u>	<u>65,539</u>
148,038	110,055	92,779	84,573	80,660	64,109	42,313
27,816	22,002	17,635	14,625	12,736	10,564	8,275
14,743	13,007	11,648	9,560	8,979	8,108	5,802
<u>190,597</u>	<u>145,064</u>	<u>122,062</u>	<u>108,758</u>	<u>102,375</u>	<u>82,781</u>	<u>56,390</u>
16,598	25,096	24,360	20,209	11,614	10,650	9,149
7,569	12,194	11,178	9,952	5,666	5,086	4,466
<u>\$ 9,029</u>	<u>\$ 12,902</u>	<u>\$ 13,182</u>	<u>\$ 10,257</u>	<u>\$ 5,948</u>	<u>\$ 5,564</u>	<u>\$ 4,683</u>
\$4,771,000	\$4,167,000	\$3,704,000	\$3,228,000	\$2,852,000	\$2,574,000	\$2,232,000
2,547,000	2,259,000	2,039,000	1,753,000	1,527,000	1,375,000	1,197,000
2,111,000	1,808,000	1,577,000	1,398,000	1,255,000	1,139,000	997,000
1,868,000	1,610,000	1,410,000	1,251,000	1,112,000	981,000	836,000
89,000	78,000	<u>67,000</u>	64,000	57,000	47,000	44,000
	9.9	8.7				
\$ 1.61	\$ 2.34	\$ 2.39	\$ 1.86	\$ 1.17	\$ 1.13	\$ 1.08
1.20	1.15	.93	.59	.53	.52	.46
14.54	14.15	13.06	11.66	10.41	9.55	8.94
31 $\frac{3}{4}$	34 $\frac{1}{4}$	35	26 $\frac{1}{4}$	20 $\frac{1}{8}$	18 $\frac{1}{2}$	17 $\frac{1}{4}$
16 $\frac{1}{8}$	26 $\frac{1}{2}$	24 $\frac{1}{2}$	19 $\frac{3}{4}$	14 $\frac{1}{4}$	14 $\frac{1}{2}$	9 $\frac{1}{2}$
23 $\frac{1}{2}$	31 $\frac{3}{4}$	34	24 $\frac{1}{2}$	20 $\frac{1}{8}$	16 $\frac{3}{4}$	16 $\frac{3}{4}$
14.6	13.6	14.2	13.2	17.2	14.8	15.5
425,000						
5,521,088	5,521,088	5,521,088	5,521,088	5,521,088	4,911,856	4,911,856
99	98	98	98	98	98	98
4,612	4,654	4,617	4,558	4,678	4,763	4,961
321,100	479,900	422,900	458,800	560,400	538,600	711,900
93	87	82	81	82	79	78
2,226	2,105	1,986	1,889	1,868	1,795	1,692
188	128	25	47	41	39	34
46	42	36	23	18	16	14
368	320	245	151	116	100	90

REPORT TO SHAREHOLDERS

DIRECTORATE

During the year there were several changes in Director and Advisory Group personnel. At the last annual meeting Frederick W. Dakin, a Director of Canada Trust, was elected a Director of Canada Trustco and appointed a member of the Executive Committee. R.P. Bratty of the legal firm Gambin, Bratty, Toronto; Eric F. Findlay, Chairman and President, Silverwood Industries Limited, Toronto, and C.C. Knudsen, President and Chief Executive Officer, MacMillan Bloedel Limited, Vancouver, were elected Directors of Canada Trust. Henry Borden and The Honourable J.V. Clyne were not eligible, because of statutory age limitation, for nomination as Directors and were named Honorary Directors in recognition of their significant contribution over the years. D.W. Brown did not stand for re-election at the annual meeting and Kenneth A. Fowler resigned as a Director during the year.

With the retirement of The Honourable J.V. Clyne as a Director and Chairman of the Pacific Advisory Group, R.B. Wilson was appointed Chairman and C.W. Brazier Vice-Chairman of that body.

James Pengilley of the Oakville Advisory Group and J.H. Wilson of the Pacific Advisory Group, because of age limitation, were not eligible for reappointment.

LEGISLATION

Unfortunately, in 1977 we have not seen any legislation affecting the trust industry brought to conclusion and time dimensions required to amend existing legislation or bring new legislation into effect have regrettably become excessively long.

As noted on the Contents page, this year's Report to Shareholders includes photographs representative of many of our mortgage investments.

The Canadian Dental Association Building...a distinctive commercial development in Ottawa.



The Minister of Finance has not yet introduced a bill setting out the Government's desired changes in the Bank Act and the present Act has now been extended an additional year to March 31, 1979.

The proposed Borrowers and Depositors Protection Act is still under discussion and it is expected the Minister of Consumer and Corporate Affairs will soon introduce a bill which we hope will contain a sensible and practical approach to accomplish stated objectives.

During the year The Trust Companies Association of Canada filed with the Federal Superintendent of Insurance a submission on the proposed revisions to Federal Trust and Loan Companies Acts. Discussions concerning this submission are now in progress in anticipation of these Acts being amended immediately following amendment of the Bank Act.

ACKNOWLEDGMENT

The talent, productivity and commitment to company goals of all our people - in all jobs - contributed significantly to our record achievements in 1977. These people are the foundation for the Company's future and a prime source of confidence as we look forward to challenges in 1978 and beyond. The Directors, on behalf of shareholders, extend warm thanks to these men and women for their dedicated efforts.

EARNINGS

Despite a difficult operating environment in Canada during 1977, the Company achieved record net earnings of \$30.0 million compared with \$17.7 million in 1976.

Kitchener's "Forest Heights"...a carefully planned residential community features shopping, schools and recreational facilities. Mortgages are provided for many area homes.



After dividends attributable to preference shares, net earnings per common share - basic were \$3.76, 46% higher than \$2.57 in 1976, computed on the weighted average number of common shares outstanding.

Assuming conversion of all outstanding preference shares series B and C into common shares, net earnings per common share - fully diluted were \$3.50 up 42% from \$2.47 in 1976.

The major portion of the Company's income derives from net investment income - the difference between interest charged to borrowers and that paid to depositors. In 1977 these earnings amounted to \$89 million, an increase of \$32 million or 57% over the previous year. This rate of increase in total dollar spread, due to declining interest rates and a maturity structure whereby investments are somewhat longer in term than deposits, was greater than the rate of growth in business volumes.

As can be seen on the chart on this page and analysis of net earnings on page 24 interest rate spread on a taxable equivalent basis improved from 1.80% in 1976 to 2.14% in 1977. 1977 spread was somewhat higher than normal and further improvement in 1978 is not anticipated. Current extremely competitive conditions both as to attracting deposit funds and lending monies indicate pressure on interest rate spread throughout 1978.

Fees and commissions improved by 18% to \$32.8 million in 1977 from \$27.9 million in 1976. Highlights were a 24% increase in pension and pooled trust fund fees and a 20% rise in real estate sales commissions in 1977 over 1976. Other income totalled \$8.2 million in 1977, an increase of 37% from 1976. In compliance with the anti-inflation program, fees and commissions have not been increased since October 1975 notwithstanding the continuing inflationary environment in which our costs have escalated unrelentingly.

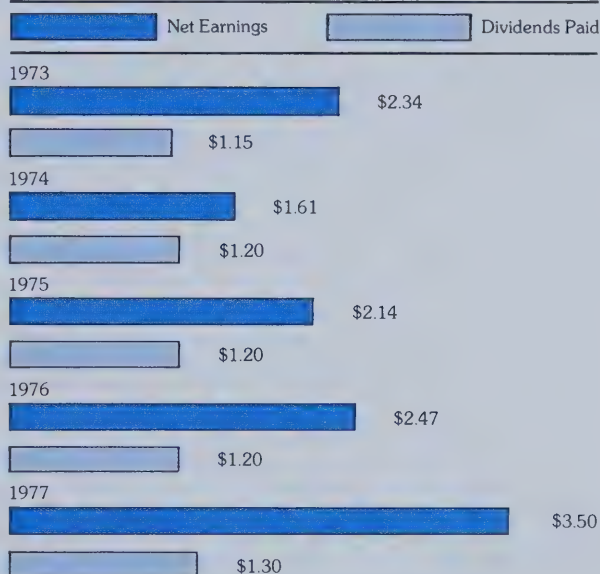
Non-interest operating expenses totalled \$84 million in 1977, an increase of \$20 million or 30% over 1976 levels. Continuing escalation of these expenses is a major concern of management and cost control programs presently in effect are being strengthened.

Cost of staff including salaries, commissions, pension and other employee benefits represents by far the greatest portion of non-interest operating expenses. In 1977 it comprised 61% of the total. Lower increases in salary levels due to impact of Anti-Inflation Board guidelines on

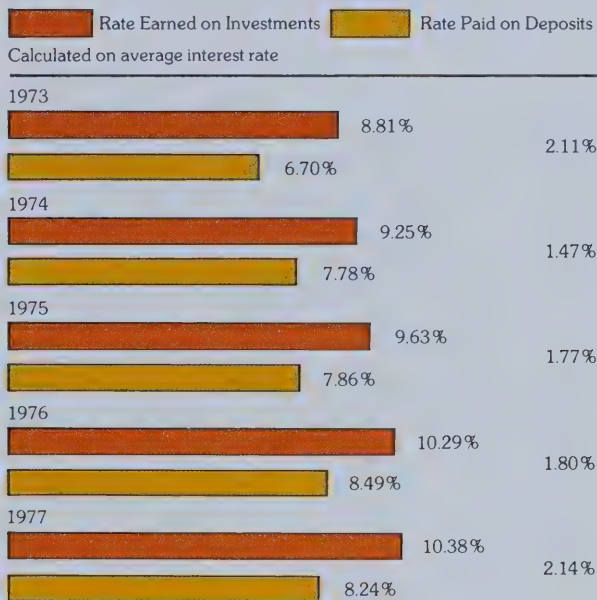
compensation and restraint in additions to staff should ameliorate the rate of increase in 1978.

Net occupancy and equipment costs increased 39% or \$3.7 million from the previous year. The major portion of these costs is for premises occupied by branches and administrative functions and for computer and other equipment. A continuing escalation of these expenses will occur because of need to service a rapidly expanding volume of business. Cost of automation will be the fastest

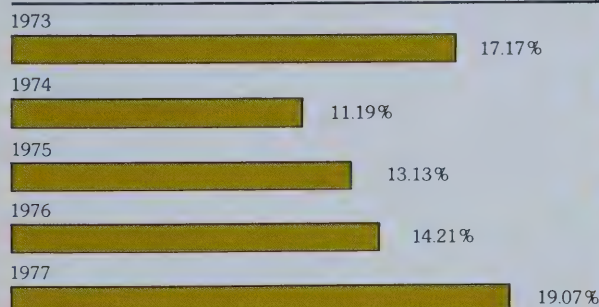
Net Earnings - Fully Diluted and Dividends Paid Per Common Share



Interest Rate Spread - Taxable Equivalent Basis



Return on Common Shareholders' Average Equity - Fully Diluted



growing component as we continue to transfer repetitive routine from people to machines, enabling us to handle increasing volumes of existing and new services efficiently.

A breakdown of other expense is given in note 7. A portion of the increase in provision for investment losses included therein from \$1.0 million in 1976 to \$2.3 million in 1977 is due to management's judgment of existing economic conditions.

The effective rate of income taxes at 35% in 1977 was up somewhat from 32% in 1976.

ASSETS UNDER ADMINISTRATION

Business volumes as measured by assets administered at year-end were \$7.9 billion in 1977, an increase of 14% from previous year-end. Over the five year period from 1973 to 1977 assets under administration have grown at an average annual rate of 16.2% compared with the 17.9% increase in after-tax earnings.

Personal, pension and pooled trust funds at \$3.5 billion were up \$271 million or 8% and corporate assets increased by \$698 million to \$4.4 billion, being 19%. Deposits exceeded \$4 billion and mortgages \$3 billion, each a record.

Shareholders' equity was \$189 million at year-end 1977, up \$42 million from one year prior. Retained earnings increased \$17 million. Capital stock increased \$25 million due entirely to a privately placed issue of series D floating rate preference shares.

SUPPLEMENT TO ANNUAL REPORT

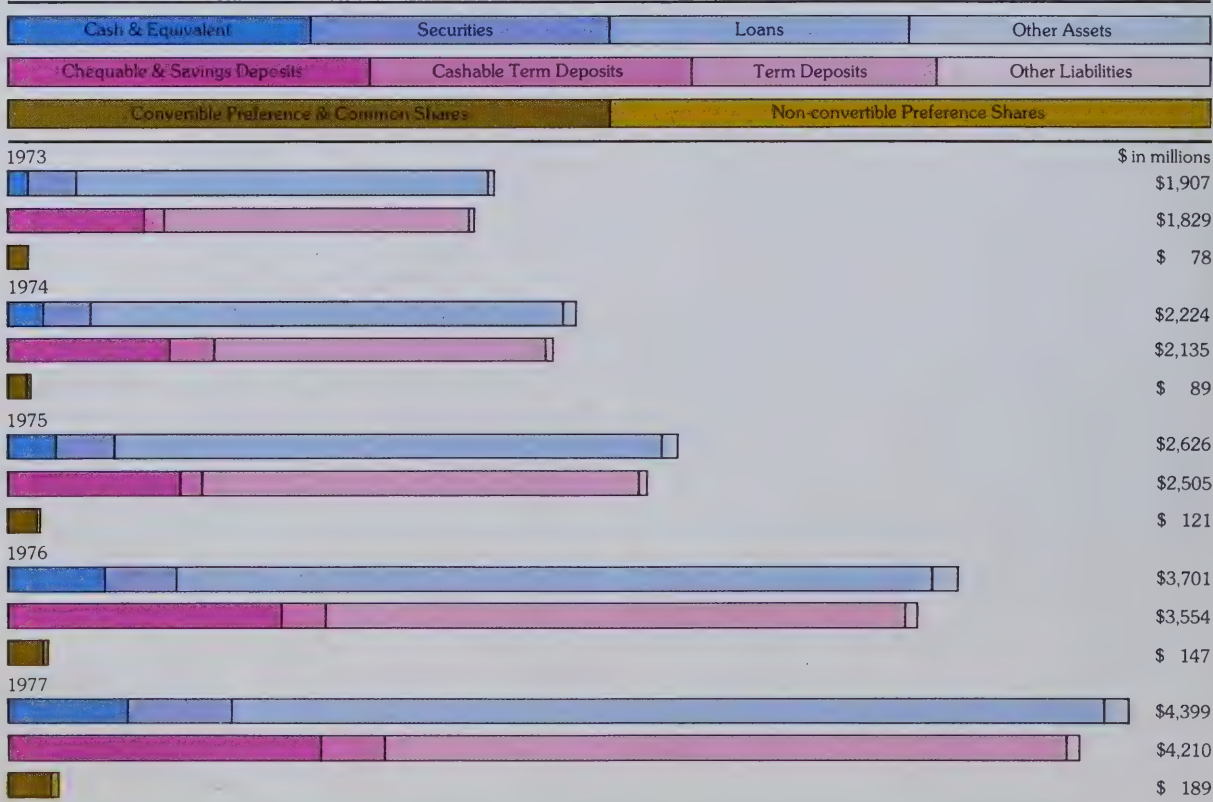
The respective roles of management, the audit committee and the independent auditors with respect to financial statements are not generally understood. A supplement to this annual report contains brief commentaries on this subject.

BRANCHES AND PREMISES

Fourteen financial services branches were opened in 1977 - Clearbrook, Richmond Lansdowne Park and Richmond Brighthouse Centre in British Columbia, Toronto Bayview Woods, North Bay Mall, Hamilton Jackson Square, Niagara Falls Niagara Square, Simcoe Mall, Strathroy, Listowel, Kitchener Pioneer Park, London Bradley & Ernest, London Westmount and London Adelaide & Cheapside in Ontario. New Liskeard branch was relocated in a new mall and a building was constructed to accommodate the relocation of Cambridge Preston branch. Real estate offices were opened in London Westmount, Victoria Colwood, Richmond Brighthouse Centre and Waterloo, as well as four satellites in Caledonia, Toronto, Oshawa and Strathroy. A mortgage office was opened in Owen Sound.

Major renovations took place at Vancouver Main, London City Centre, Ottawa Laurier & Metcalfe and Niagara Falls Main. Branches at Guelph Willow West and Waterloo Lincoln Plaza were enlarged and renovated to accommodate growth in business.

Growth in Assets, Liabilities and Shareholders' Equity



Cambridge Galt building underwent a major face-lifting in 1977, with the branch being considerably enlarged and renovated. Toronto mortgage department was relocated to enlarged, modern quarters at 250 Bloor Street East and additional space was acquired at London City Centre to accommodate rapid growth in our computer facilities.

Property was purchased contiguous to our Kitchener Belmont branch to allow future expansion in 1979. The site of our London Oakridge branch was purchased as well as land on a major corner in Dundas for construction of a new building to be erected in 1978 to house our branch in that community.

Ten new financial services branches are presently committed for opening in 1978, as well as relocation of Chatham Main, Dundas, Vancouver Chinatown and Nanaimo branches.

Subsequent to December 31, 1977 all company-owned land and buildings were transferred into Truscan Realty Ltd., a wholly-owned subsidiary of Canada Trustco. This change occurred to streamline management of our properties, improve our tax position and provide for eventual additional involvement in real estate development projects. Year-end book value of company-owned land and buildings was \$32 million.

SAVINGS SERVICES

Deposits increased \$640 million in 1977 of which \$377 million came from term deposits and \$263 million from demand deposits payable after notice.

Our distribution system for financial services was extended from 123 branches in 1976 to 136 in 1977. We added 21 branches to our computerized savings system which offers our customers the opportunity to transact their savings business at any of those 105 branches now on-line.

In 1978 we plan to replace our existing on-line savings network with a more advanced computerized system, thus allowing further expansion thereof in both existing and new branches.

We continued to develop one of our main services - term deposits - in 1977. Terms of 11 to 20 years were added, as was an option of having interest paid quarterly. It is now possible for a customer to select from terms of one to 20 years, and have interest compounded and paid at maturity, interest paid annually, semi-annually, quarterly or monthly.

A new service was added in late 1977 to our demand deposit line - a daily interest savings account. This account has interest calculated on the daily balance and paid monthly. It is available at all those branches now on-line. Initial customer acceptance of this new service has been most encouraging.

Transaction activity increased substantially in 1977. Over 22 million items were processed, of which 13 million were over-the-counter, a 37% increase over 1976.

In the spring of 1976 we began a year-long test of extended hours open to the public, 8 to 8, six days straight, at all our branches in the London and St. Thomas area. The results of the test were in line with our expectations. This year we added 27 branches open the 8 to 8, six days straight hours, which are now available at 39 branches.

Our Registered Retirement Savings Plan continued its excellent growth record in 1977. New deposits totalled \$153 million and 26,000 new accounts were opened. The Plan now has 113,000 participants and assets of \$680 million.

Deposits in Registered Home Ownership Savings Plans were \$11 million in 1977. There are now 19,700 participants with collective savings of \$42 million. Assets in the non-tax-sheltered Investment Fund are \$31 million.

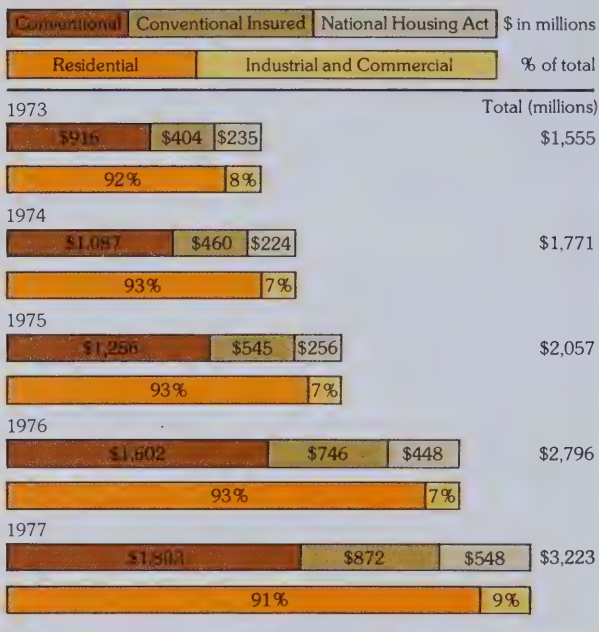
"Huntly Wynd" condominiums in Richmond, B.C. provide pleasant suburban living. Assistance was provided with construction financing and mortgages for many individual units.



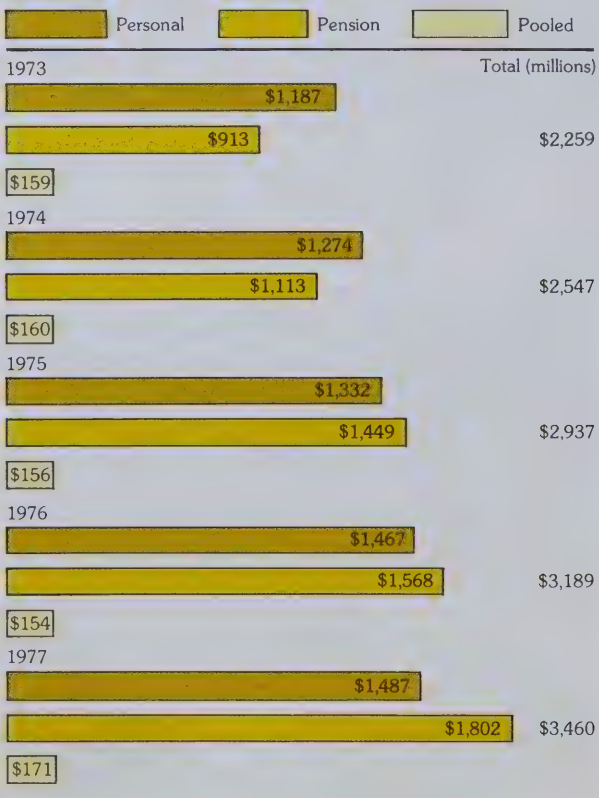
"440 Phillip"...a well-designed commercial-industrial mall in Waterloo.



Mortgage Loans



Personal, Pension and Pooled Trust Funds



LOANS AND REAL ESTATE SERVICES

Mortgage Services — High demand for mortgage loans was experienced in the first half of 1977 as interest rates moved down sharply from 12% highs in 1976 to 10¼% - 10½% early in 1977. As 1977 progressed, demand moderated. New housing starts slowed in face of mounting unsold units. House buyers, finding an increased selection of both new and existing houses, noted evolution of a buyers' market and began taking more time to make their purchases. The buyers' market also helped to abate excessive real estate price increases and a more stable existing house market resulted. During 1977, 36% of our mortgage dollars went into the existing real estate market compared to 28% in 1976.

Mortgage applications approved during 1977 totalled \$966 million including \$85 million for pension and other trust clients. This compared to \$672 million total and \$82 million for pension and other trust clients in 1976. More than 89% of 1977 volumes assisted financing of construction and ownership of residential properties, of which approximately \$60 million of mortgage funds were directed to Federal and Provincial assisted housing programs.

Our objective to increase industrial and commercial mortgage applications continues with 1977 volumes totalling \$104 million compared to \$45 million in 1976. Corporate mortgage portfolio at year-end was \$3.2 billion, an increase of \$427 million or 15% during the year. Total mortgages administered now exceed \$3.6 billion in over 106,000 accounts.

Payment arrears remained within acceptable parameters. Throughout the year, the average percentage of our accounts in arrears 18 days or more was 2.4 and for 90 days or more the average was 0.36%. Real estate acquired in settlement of loans totalled \$3,808,000 at year-end compared to \$349,000 at December 31, 1976.

Mortgage borrowers continue to be offered a selection of one to five year terms for both renewal and new mortgage financing, resulting in more than 18% of new loans and 50% of renewals arranged with terms less than five years. These shorter term mortgages are making a significant contribution to our continuing efforts to improve matching of investment and deposit maturities.

Loans Services — In 1977, 45,046 loans were granted representing volume in excess of \$172 million. Our loans portfolio increased by \$51 million to \$164 million. At year-end, rate-sensitive demand loans comprised 54% of total loans portfolio compared to 49% one year ago.

Arrears at year-end and losses for the year represented 1.02% and .09% respectively of consumer and personal loans. These two critical measurements of our consumer credit service have consistently been held to levels below industry averages of 3% and 0.50% respectively.

Although consumer buying intentions did not improve during the year, we did achieve a growth rate of 45%. We plan to continue to improve our market share by offering an ever-increasing range of consumer credit services, with a competitive rate structure acceptable to consumers.

Real Estate Services — Activity during the year showed moderate but satisfactory growth in spite of difficult and

uncertain market conditions. Residential real estate prices increased but at a lesser rate than 1976. Listing volumes grew steadily throughout the year and with home buyers more cautious, many vendors began taking a more realistic view toward their asking prices.

Gross commissions earned totalled \$16 million, an increase of 20% over 1976, with the best performance coming from our Ontario Regions.

Major efforts during 1977 focused on streamlining existing offices. Planned expansion continued but at a slower pace with 8 new offices opened and 2 relocated to improve market penetration. Six offices were closed or consolidated with larger operations. We now offer real estate services from 58 locations of which 32 are separate from branch premises. An active recruitment program attracted new sales people in all regions. The sales force at year-end was 594.

In late fall Transfer-Ease, a new service, was introduced to bring real estate expertise to assist corporate clients who transfer employees from city to city.

Property Management, offered in nine branches, continues in a steady growth pattern. Fees totalled \$549,000 in 1977, an increase of 40% over 1976 and an average increase of 27% per year since the service was expanded in 1974. Consumer demand for professional management is strong. Profit strategies for 1978 will emphasize our computerized record-keeping service.

PERSONAL TRUST AND ESTATE PLANNING SERVICES

To cope with complexities of legislation affecting family law, administration and taxation of estates, we have provided each of our major trust units with a tax specialist and have developed tax and trust training programs both for our trust administrators and estate planners. Continued support was given the Trust Companies Institute in developing its training program and reference material.

"Heritage in the Woods" ...a condominium development in Vancouver offers privacy in a forest setting. Assistance was provided with construction financing and mortgages for many individual units.



Revenue increased \$974 thousand to \$9.4 million even though our fees have been frozen by the Anti-Inflation Board. Profit margins were maintained by closely controlling costs. Three small trust departments were consolidated with larger units close by, not only improving cost efficiency but also making it possible to provide better service to clients.

PENSION AND CORPORATE SERVICES

Pension Trust Services — Trends in revenue, asset growth and low turnover of accounts continued to be very positive throughout 1977. In large measure, these results reflect marketing strategy, emphasis on quality of administrative service and highly competitive investment performance.

Revenue for the year amounted to \$4.1 million, up \$938,000 or 30% from the previous year. Assets under administration increased to \$1.8 billion. Some 131 new accounts were acquired during the year, compared with 108 in the previous year.

1977 saw further public discussion on the appropriate goals for government and private pension plans, the level of retirement income which they should provide, and alternative methods of funding these benefits. Pension assets are an integral part of our socio-economic system and contribute substantially to the capital formation required to provide jobs and services expected by society. Studies are currently being carried out by both Federal and Ontario governments which could have significant effect on private pension plans and operation of capital markets. Through the Trust Companies Association of Canada, we are participating in a brief to be submitted to the Royal Commission on the Status of Pensions in Ontario.

Corporate Trust Services — Business development in 1977 was quite satisfactory, notwithstanding extreme competition. Aggregate debt issued under new bond trusteeships was substantially higher than in 1976. Many new transfer agent and registrar appointments were also received, arising

"Wellington West" apartments in the Lockwood area of London combine close-to-downtown convenience with an appealing suburban setting.



primarily from financing requirements of companies in the natural resources sector.

The Dividend Reinvestment Plan offered to Canada Trustco common shareholders has been well received. Close to 8% of Class A shareholders participate in this plan. The amount of dividends being reinvested in additional shares is now running at an annual rate of over \$200,000.

The Canadian Depository for Securities Limited is expected to begin providing depository services in late 1978 or early 1979. This will result in more efficient securities handling and a reduction in volume of transactions for transfer agents. Active participation in C.D.S., several stock transfer committees in Canada and The Stock Transfer Association, Inc. in United States has kept us abreast of new developments in the industry.

COMPUTER SERVICES

In late 1977 we dedicated full-time resources to aggressively market our computer services externally. Early results indicate that this move will be positively received.

The decision by one of our clients to place terminals in its premises connected to our data processing facility in London demonstrates the opportunities for our services in the marketplace.

Market strategy was developed relative to other financial service organizations and information was disseminated to these organizations late in 1977. A sales information seminar is planned for the spring of 1978.

DATA PROCESSING

An IBM 3033 computer, the first expected to be delivered in Canada, will be installed in our computer centre in May, 1978. This newest and largest general purpose IBM computer will provide capacity to handle the increased transaction volume which is anticipated. It will also enable us to introduce the IBM 3600 family of terminals into our

on-line network in 1978. By mid-1979 it is planned that all branches will provide the advantage of on-line savings services to customers.

The enhanced on-line network for our savings system will provide the base for expanding use of terminals for data entry into other systems.

ADVERTISING SERVICES

A plan established direction on key communication strategies. To support these and to better align ourselves with the marketplace Advertising Services was reorganized into four sections with major responsibilities as follows: Campaign Communications - mass merchandising; Product Communications - support for various sales forces; Corporate Communications - public relations and corporate identification; Marketing Research - marketplace and industry analysis.

Significant project accomplishments included a complete repackaging of the branch opening program, with a most favourable impact on opening of new accounts, as well as very successful merchandising campaigns for R.R.S.P., Savings, Loans and "8 to 8".

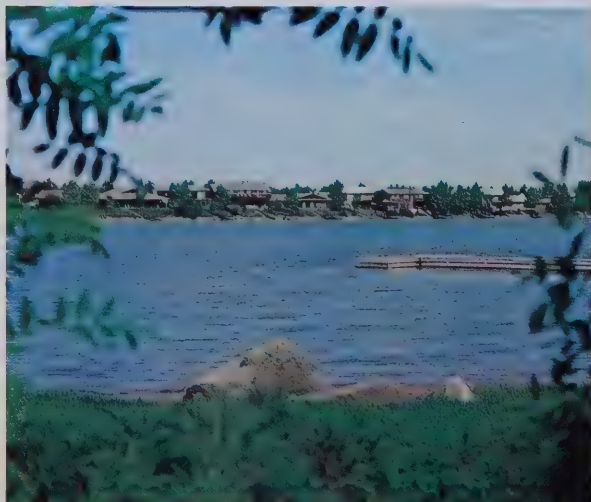
PLANNING

A comprehensive operating plan of action for 1978 encompasses objectives for each product in each branch, advertising strategies, systems, training and other support requirements necessary to accomplish our expected growth in corporate assets. Strategic planning for the next five years is continuously updated.

FINANCE

Corporate Investments — Of particular significance to the securities portfolio in 1977 was acquisition of approximately \$100 million of floating rate preference shares and income debentures of large Canadian corporations. In the majority

"Lake Bonavista" a planned community in Calgary, offers well-designed homes in a country club setting. Mortgages are provided for many area homes.



"Albion-Finch Plaza" offers convenient shopping to many suburban Toronto residents.



of cases, dividend and interest rates are tied to prime rates charged by chartered banks. This form of security provides an attractive offset to interest-sensitive liabilities such as savings deposits. Floating rate preference shares are retractable, at option of holder, within ten years which has the effect of providing a stated maturity and helping to maintain marketability.

In 1977 the program of increasing investments in short to medium term income debentures was continued. These securities were purchased to provide a tax equivalent yield greater than available yields on mortgages. As certain longer term liabilities such as Income Averaging Contracts were issued, they were matched by longer term mortgages on commercial properties and by a sale-leaseback agreement on buses with the City of Edmonton.

The money market operation continued to expand as demonstrated by a growth of 39% in Cashable Term Deposits to reach a value of \$256 million at December 31, 1977. Liquidity was maintained at a higher than normal level due to slower than anticipated mortgage drawdowns.

Trust Investments — 1977 marked the fourth successive year of below potential growth of the Canadian economy. The modest recovery which occurred is encouraging as it was the only postwar recovery to take place without the aid of stimulative government monetary and fiscal policies. A further period of modest expansion is required if the footings of the economy are to be reset on a less-inflationary basis.

In spite of persistent inflation and substantial weakness in value of the Canadian dollar, interest rates declined gradually during the year. In large measure, relative stability of interest rates was due to a favourable supply - demand situation in fixed income markets. Investment portfolios managed on a fiduciary basis continued to place heavy emphasis on bonds and mortgages in 1977. As a result this portion of corporate pension fund portfolios increased to approximately 60%.

The investment division continued its efforts to improve selection and timing techniques for common stocks through development and application of computerized processes. Rather than eliminating need for human judgment and knowledge, these processes are used as tools to bring a discipline to areas of economic and market projections.

PERSONNEL SERVICES

The Company's compensation program became subject to A.I.B. regulations in January, 1977, and continues under these controls throughout 1978. The principle of relating salary to performance remains in effect during the period of controls.

In 1977, our Long Term Disability Plan was improved to provide employees disabled for more than four months with an increase in disability income from 50% to 66⅔% of salary. This change will provide a more equitable integration with government disability income programs. Amendments to our pension plan provide past service benefits to present employees who joined through mergers of certain companies some years ago. All costs relating to these improvements are within applicable A.I.B. guidelines.

Introduction of new training technology particularly relating to analysis of training needs, audio-visual techniques and instructional methodology has resulted in improved results with savings in training time and cost. Major emphasis was placed on expanding technical training in Company services to support our employees' knowledge base in dealing with growing complexities of today's market for financial services.

On June 2, 1977, the Ontario Labour Relations Board certified a union to represent seven employees of Simcoe Main Branch for collective bargaining purposes. A judicial review of this decision has delayed bargaining.

In 1977 we experienced the lowest level of employee turnover among all major companies in the trust industry.

"Northgate Tower"...an attractive apartment building in Edmonton.



St. Catharines' McCordick subdivision features the Federal Government's Assisted Home Ownership Program (AHOP). Mortgages are provided for many area homes.



ORGANIZATION

Continuing growth provided advancement opportunities for many employees. Senior management appointments during the year were:

Archie H. Kerr, Senior Vice-President - Pacific Region
Derek J. Warren, Senior Vice-President - Prairie Region
J. Terence Osbourne, Vice-President - Midwestern Ontario Region
Leonard W. Stoll, Vice-President - Northern Ontario/Quebec/Atlantic Region
Liam S. O'Brian, Vice-President - Corporate Business Development, Central Ontario Region
George W. Stoyles, Vice-President - Toronto Main Branch

Assistant Vice-President appointments in 1977 were:

Kenneth W. Meston - Vancouver Main Branch
Larry J. Honcoop - Calgary Main Branch
Robert P. Morneau - Southwestern Ontario Region
Wilfred W. Park - Kitchener Main Branch
Stan A. Martin - Northern Ontario/Quebec/Atlantic Region
James R. Wilken - Ottawa Main Branch
Norman T. White - Computer Services
J. Brent Kelman - Development and Technical Services
Douglas R. Dolman - Premises
Eric W. Daly - Planning

The former Quebec/Atlantic Region was expanded to include branches, principally in Northern Ontario, which were formerly part of Central Ontario Region. Northern Ontario/Quebec/Atlantic Region, headquartered in Ottawa, now comprises 13 branches. Central Ontario Region supervises 26 branches.

THE YEAR AHEAD

1978 is expected to be the fifth successive year that real growth of the Canadian economy will fall short of its potential. Modest expansion is envisaged with - we earnestly hope - some slackening in the rate of inflation.

Interest rates will likely exhibit greater stability than in recent years. Given such an environment the Company should achieve increased earnings although the projected improvement will be at a substantially lesser rate than enjoyed in 1977.

The Company will continue to be subject to Anti-Inflation Board restraint on profit margins, compensation to employees and dividends to shareholders throughout 1978. At present the interest spread between the rate paid on five year term deposits and earned on five year term conventional mortgages is a narrow 1½%, the lowest level in some years. A combination of A.I.B. considerations and intense competition in the mortgage market during 1978 will likely see this narrow margin persist.

Current operating conditions present a formidable challenge to personnel at all levels to restrain expenses and achieve further efficiencies. We are confident in their proven abilities to continue to enhance our extremely strong financial position to the benefit of customers, shareholders, employees and the public at large.

London, Ontario, January 24, 1978

Utility and style are tastefully combined at "Glaewyn", a condominium development in St. Albert, near Edmonton. Assistance was provided with construction financing and mortgages for many individual units.



London's "Westmount" subdivision features contemporary home design complimented by a wide range of community facilities. Mortgages are provided for many area homes.



**CANADA TRUSTCO MORTGAGE COMPANY
CONSOLIDATED STATEMENT OF EARNINGS**

year ended December 31

	1977	1976	% Increase (Decrease)
Income			
Investment			
Cashable term deposits	\$ 17,327,000	\$ 16,036,000	8
Short term corporate notes	19,550,000	7,807,000	150
Bonds	15,074,000	13,338,000	13
Stocks	10,823,000	6,872,000	57
Mortgages	312,693,000	232,951,000	34
Consumer and personal loans	12,663,000	9,449,000	34
Trust advances and other secured loans	5,953,000	5,099,000	17
Equipment leased to others	1,908,000	1,172,000	63
	<u>395,991,000</u>	<u>292,724,000</u>	35
Fees and commissions			
Personal trust	9,449,000	8,475,000	11
Pension and pooled trust funds	5,556,000	4,496,000	24
Corporate trust	2,005,000	1,802,000	11
Real estate sales	15,760,000	13,094,000	20
	<u>32,770,000</u>	<u>27,867,000</u>	18
Other	8,213,000	5,976,000	37
	<u>436,974,000</u>	<u>326,567,000</u>	34
Expense			
Interest on deposits			
Chequable	6,854,000	5,328,000	29
Savings	54,963,000	52,347,000	5
Cashable term	16,132,000	11,775,000	37
Term	229,363,000	166,895,000	37
	<u>307,312,000</u>	<u>236,345,000</u>	30
Salaries	35,643,000	28,635,000	24
Pension and other employee benefits <i>note 11</i>	4,778,000	3,241,000	47
Real estate commissions	10,852,000	8,910,000	22
Net occupancy and equipment <i>note 5</i>	13,108,000	9,418,000	39
Advertising	3,898,000	3,336,000	17
Other <i>note 7</i>	15,233,000	10,470,000	45
	<u>390,824,000</u>	<u>300,355,000</u>	30
Earnings before income taxes	<u>46,150,000</u>	<u>26,212,000</u>	76
Income taxes <i>note 6</i>			
Current	10,576,000	3,106,000	241
Future	5,588,000	5,403,000	3
	<u>16,164,000</u>	<u>8,509,000</u>	90
Net earnings	<u>\$ 29,986,000</u>	<u>\$ 17,703,000</u>	69
Attributed to			
Preference shares non-convertible	\$ 1,480,000	\$ 625,000	137
Preference shares convertible	2,262,000	2,175,000	4
Common shares	26,244,000	14,903,000	76
	<u>\$ 29,986,000</u>	<u>\$ 17,703,000</u>	69
Net earnings per common share - basic	\$ 3.76	\$ 2.57	46
Net earnings per common share - fully diluted	\$ 3.50	\$ 2.47	42

CONSOLIDATED STATEMENT OF CONDITION

December 31

	1977	1976	% Increase (Decrease)
ASSETS			
Investments			
Cash	\$ 45,230,000	\$ 44,122,000	3
Cashable term deposits	186,617,000	183,840,000	2
Short term corporate notes	241,067,000	132,335,000	82
	<u>472,914,000</u>	<u>360,297,000</u>	31
Securities <i>note 3</i>			
Bonds			
Canada	143,211,000	133,578,000	7
Provincial	12,764,000	16,039,000	(20)
Municipal		2,926,000	(100)
Corporate	97,076,000	45,937,000	111
	<u>253,051,000</u>	<u>198,480,000</u>	27
Stocks			
Preferred	167,984,000	73,311,000	129
Common	36,309,000	36,361,000	
	<u>204,293,000</u>	<u>109,672,000</u>	86
	<u>457,344,000</u>	<u>308,152,000</u>	48
Loans			
Mortgages			
Conventional	1,802,541,000	1,601,782,000	13
Conventional insured	872,536,000	746,060,000	17
National Housing Act	548,148,000	448,414,000	22
	<u>3,223,225,000</u>	<u>2,796,256,000</u>	15
Consumer and personal	118,893,000	85,785,000	39
Trust advances and other secured <i>note 10</i>	53,939,000	91,849,000	(41)
	<u>3,396,057,000</u>	<u>2,973,890,000</u>	14
Real estate acquired in settlement of loans	3,808,000	349,000	991
Equipment leased to others	28,837,000	24,577,000	17
Total investments	4,358,960,000	3,667,265,000	19
Income taxes recoverable		252,000	(100)
Land, premises and equipment <i>note 5</i>	40,478,000	34,004,000	19
	<u>\$4,399,438,000</u>	<u>\$3,701,521,000</u>	19

Approved on behalf of the Board

J. ALLYN TAYLOR, Director

ARTHUR H. MINGAY, Director

	1977	1976	% Increase (Decrease)
LIABILITIES			
Deposits <i>note 9</i>			
Chequable	\$ 308,244,000	\$ 265,607,000	16
Savings	942,843,000	794,861,000	19
Cashable term	255,927,000	183,989,000	39
Term	<u>2,656,467,000</u>	<u>2,279,291,000</u>	17
	<u>4,163,481,000</u>	<u>3,523,748,000</u>	18
Current income taxes	6,025,000		
Mortgages	6,477,000	2,809,000	131
Dividends	<u>3,001,000</u>	<u>2,330,000</u>	29
	<u>15,503,000</u>	<u>5,139,000</u>	202
Future income taxes <i>note 6</i>	31,215,000	25,187,000	24
	<u>4,210,199,000</u>	<u>3,554,074,000</u>	18
SHAREHOLDERS' EQUITY			
Capital stock <i>note 2</i>			
Preference shares	62,370,000	37,629,000	66
Common shares	<u>13,978,000</u>	<u>13,977,000</u>	
	76,348,000	51,606,000	48
Contributed surplus	51,677,000	51,676,000	
Retained earnings	<u>61,214,000</u>	<u>44,165,000</u>	39
	<u>189,239,000</u>	<u>147,447,000</u>	28
	<u>\$4,399,438,000</u>	<u>\$3,701,521,000</u>	19

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

year ended December 31

	1977	1976
Balance at beginning of year	\$44,165,000	\$48,248,000
Net earnings	<u>29,986,000</u>	<u>17,703,000</u>
	<u>74,151,000</u>	<u>65,951,000</u>
Dividends on		
Preference shares series A	559,000	629,000
Preference shares series B	2,175,000	2,175,000
Preference shares series C	87,000	
Preference shares series D	922,000	
Common shares Class A	8,500,000	6,702,000
Common shares Class B	<u>573,000</u>	<u>169,000</u>
	<u>12,816,000</u>	<u>9,675,000</u>
Tax paid on 1971 undistributed income	22,000	32,000
Acquisition of The Lincoln Trust and Savings Company and Ontario Trust Company		
Excess of consideration over underlying value of net assets acquired		11,999,000
Expenses, net of income taxes, incurred on issue of shares	99,000	80,000
	<u>12,937,000</u>	<u>21,786,000</u>
Balance at end of year	<u>\$61,214,000</u>	<u>\$44,165,000</u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

year ended December 31

	1977	1976
Balance at beginning of year	\$51,676,000	\$23,880,000
Premium on issue of shares	<u>1,000</u>	<u>27,796,000</u>
Balance at end of year	<u>\$51,677,000</u>	<u>\$51,676,000</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL CONDITION

year ended December 31

	1977	1976
CASH DERIVED FROM		
Increase in deposits		
Chequable and savings	\$190,619,000	\$274,347,000
Cashable term	71,938,000	92,468,000
Term	377,176,000	253,917,000
	<u>639,733,000</u>	<u>620,732,000</u>
Operations		
Net earnings	29,986,000	17,703,000
Future income taxes	5,588,000	5,403,000
Depreciation	2,974,000	1,796,000
Provision for investment losses	2,300,000	1,017,000
	<u>40,848,000</u>	<u>25,919,000</u>
Other		
Issue of preference shares series D	25,000,000	
Cash of The Lincoln Trust and Savings Company and Ontario Trust Company at acquisition		3,229,000
	<u>705,581,000</u>	<u>649,880,000</u>
CASH APPLIED TO		
Increase (decrease) in investments		
Cashable term deposits	2,777,000	40,826,000
Short term corporate notes	108,732,000	101,268,000
Bonds	54,984,000	8,816,000
Stocks	95,438,000	11,857,000
Mortgages	426,999,000	356,700,000
Consumer and personal loans	33,165,000	23,401,000
Trust advances and other secured loans	(37,910,000)	51,611,000
Equipment leased to others	4,260,000	9,619,000
	<u>688,445,000</u>	<u>604,098,000</u>
Dividends paid on		
Preference shares	3,383,000	2,804,000
Common shares including tax paid for Class B dividends	8,784,000	6,773,000
	<u>12,167,000</u>	<u>9,577,000</u>
Other		
Purchase for cancellation of preference shares series A	259,000	1,106,000
Additions to premises and equipment	5,526,000	2,377,000
Acquisition of shares of The Lincoln Trust and Savings Company and Ontario Trust Company		2,393,000
Expenses, net of income taxes, on issue of shares	99,000	80,000
Other, including gains and losses on investments, net of income taxes	(2,023,000)	1,819,000
	<u>3,861,000</u>	<u>7,775,000</u>
	<u>704,473,000</u>	<u>621,450,000</u>
INCREASE IN CASH	<u>\$ 1,108,000</u>	<u>\$ 28,430,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 1977

1. Summary of Significant Accounting Policies

(a) Consolidation

The financial statements include the accounts of Canada Trustco Mortgage Company and its subsidiary companies, The Canada Trust Company and Truscan Realty Limited. On December 31, 1976 The Canada Trust Company amalgamated with The Lincoln Trust and Savings Company and Ontario Trust Company which were acquired June 30, 1976 and December 15, 1976 respectively.

(b) Investments

Investments, reduced by an allowance for investment losses where applicable, (see note 4), and investment income are stated as follows:

(i) Securities

Bonds are stated at amortized cost plus accrued interest and stocks are stated at cost plus accrued dividends.

(ii) Loans

Mortgages are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and unamortized prepayments of mortgage interest. Interest income is accrued on a daily basis, except for any prepayments of mortgage interest which are amortized over the remaining term of the loan using the sum-of-digits method.

Consumer and personal loans are stated at cost which includes amounts advanced and accrued interest on a daily basis, less repayments.

(iii) Real estate acquired in settlement of loans is stated at a value which does not exceed market.

(iv) Equipment leased to others is stated at amortized cost plus accrued interest from the last payment date.

An allowance for investment losses is deducted from the applicable investment on the consolidated statement of condition. This allowance recognizes the historical trend of investment losses and existing economic conditions. Provision for investment losses is included in other expense and is based on both the historical five year (including the current year) moving average ratio of losses to average investments and other factors which in management's judgement deserve recognition. Net gains or losses realized on investments are recorded in this allowance.

(c) Land, Premises and Equipment

Land is stated at cost and premises and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of each asset at annual rates of 5% in 1977 and 2½% in 1976 on buildings and 10% to 33% on leasehold improvements and equipment.

(d) Personal Trust Services

Fees and commissions from personal trust services are recorded as income when received.

(e) Pension Plan

A contributory pension plan is available to substantially all employees after six months continuous service. Unfunded liabilities including experience deficiencies as determined by actuarial valuation, are funded by regular annual and special periodic payments which are charged to operations as paid. The cost of funding current service pension benefits is expensed as incurred.

(f) Net Earnings per Common Share

Net earnings per common share-basic are calculated using the weighted average number of common shares outstanding, and the net earnings attributable to common shares.

Net earnings per common share-fully diluted are calculated on the assumption that all preference shares series B and C outstanding at the end of the year were converted to common shares at the beginning of the year and the amount of net earnings attributable to these preference shares is included in the amount available to common shares. Warrants, if exercised, would have no material effect on earnings per common share - fully diluted.

2. Capital Stock

(a) Authorized, issued and fully paid

	Number of Shares		Amount (in thousands of dollars)	
	1977	1976	1977	1976
Cumulative redeemable preference shares, of \$20 par value each, issuable in series				
Authorized	<u>4,887,059</u>	<u>4,900,000</u>		
Issued and fully paid				
Series A - 8¾%	312,059	325,000	\$ 6,241	\$ 6,500
Series B - 7¼% convertible	1,500,000	1,500,000	30,000	30,000
Series C - 7¾% convertible	56,437	56,437	1,129	1,129
Series D - floating % retractable	<u>1,250,000</u>		<u>25,000</u>	
	<u>3,118,496</u>	<u>1,881,437</u>	<u>\$62,370</u>	<u>\$37,629</u>
Interconvertible common shares of \$2 par value each				
Authorized	<u>20,000,000</u>	<u>20,000,000</u>		
Issued and fully paid				
Class A	6,772,619	6,800,576	\$13,546	\$13,601
Class B	<u>216,144</u>	<u>188,087</u>	<u>432</u>	<u>376</u>
	<u>6,988,763</u>	<u>6,988,663</u>	<u>\$13,978</u>	<u>\$13,977</u>

(b) Terms of issue

(i) Preference shares

Each series of preference shares outstanding is subject to separate terms and conditions respecting redemption and purchase for cancellation, both of which require the prior consent of the Superintendent of Insurance (Canada). These terms and conditions, including conversion and retraction privileges, if any, are summarized as follows:

Redemption

Series A

September 15, 1979 at \$21.40 reducing tri-annually by \$.20 to \$20.40 at September 15, 1994 and thereafter.

Series B

June 1, 1978 at \$21.015 reducing annually by \$.145 to \$20.00 at June 1, 1985 and thereafter.

Series C

December 15, 1979 at \$21.05 reducing annually by \$.15 to \$20.00 at December 15, 1986 and thereafter.

Series D

May 1, 1980 at \$20.60 reducing annually by \$.15 to \$20.00 at May 1, 1984 and thereafter.

Redemptions are applicable if the average market value of common shares exceeds \$33.75 between May 31, 1978 and June 1, 1980 in the case of series B, and \$31.25 between December 16, 1979 and December 15, 1981 in the case of series C. The total redemption price will include dividends accrued to the date of redemption.

Conversion

Series B

The preference shares series B are convertible into common shares at the option of the holder at a conversion price of \$27.00 per common share at any time on or prior to May 31, 1985, or at any time prior to ten days before the date specified for redemption of such shares, whichever is earlier.

Series C

The preference shares series C are convertible into common shares at the option of the holder at a conversion price of \$25.00 per common share at any time on or prior to December 15, 1981 and thereafter to December 15, 1986 at \$27.50 per common share or at any time prior to ten days before the date specified for redemption of such shares, whichever is earlier.

Retraction

Series D

The preference shares series D are retractable at the option of the holder at \$20.00 on April 1, 1987.

Purchase for cancellation

Series A

The company, annually to 1984, is obligated to offer to purchase for cancellation at a price equal to par value plus accrued dividends, the lesser of 50,000 preference shares series A or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year. Thereafter this obligation is reduced to the lesser of 5% of the number of preference shares series A outstanding at the beginning of the year or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year.

Series B

A purchase fund shall be established in 1981 and subsequent years. The amount thereof will not exceed \$900,000 in 1981 and \$1,800,000 in subsequent years, which funds may be applied by the company to purchase for cancellation in the open market preference shares series B at a price not exceeding the par value thereof plus the costs of purchase.

Series C

A purchase fund shall be established in 1982 and subsequent years. The amount thereof will not exceed \$34,000 in 1982 and \$68,000 in subsequent years, which funds may be applied by the company to purchase for cancellation in the open market preference shares series C at a price not exceeding the par value thereof plus the costs of purchase.

Series D

The company, annually during the years 1978 to 1987 may offer to purchase shares for cancellation at a price not exceeding \$20.60 per share prior to May 1, 1980 or at the redemption price thereafter, together with accrued dividends.

(ii) Common shares

As Class A and Class B common shares are freely convertible one into the other at any time at the option of the holder, the maximum number of common shares that may be issued is 20,000,000 shares, of which 1,196,496 shares have been reserved for conversion rights attached to preference shares series B and C and for warrants outstanding to purchase common shares. Class A and Class B common shares rank equally in all respects, except that dividends paid on Class A common shares are taxable dividends for purposes of the Income Tax Act, whereas income tax is deferred on Class B dividends. During 1977 amendments to the Income Tax Act were enacted by Parliament with the result that the company will no longer be permitted to pay tax deferred dividends after December 31, 1978, at which time the distinction between Class A and B shares will disappear. The amendments make it possible for the company to pay dividends on the Class B shares from 1971 capital surplus on hand without the requirement to pay the special 15% tax on 1971 undistributed income on hand. Effective with the dividend paid July 1, 1977, the company commenced paying Class B dividends from 1971 capital surplus on hand, equal in amount to the Class A dividends, rather than at the rate of 85% of the Class A dividends.

(c) Changes in capitalization

During 1977, the company purchased for cancellation 12,941 preference shares series A (1976 - 55,280 shares).

In May 1977, the company issued 1,250,000 floating rate preference shares series D for cash of \$25,000,000. The dividend rate on this series will be adjusted quarterly and, expressed on a per annum basis, will equal the sum of (i) one half of the average bank prime rate and (ii) 1.25%.

During the year 100 common share purchase warrants were exercised to purchase 100 Class A common shares at \$19.00 per share.

During the year 28,057 Class A convertible common shares were exchanged for Class B convertible common shares.

(d) Warrants

At December 31, 1977, warrants were outstanding to purchase 40,235 Class A convertible common shares exercisable at \$19.00 per share on or before December 15, 1978, and at \$21.26 per share until December 15, 1983.

(b) Net occupancy and equipment expense:

	1977	1976
	(in thousands of dollars)	
Occupancy		
Rent	\$ 3,190	\$ 2,619
Maintenance	6,536	5,317
Depreciation	2,028	1,010
	<u>11,754</u>	<u>8,946</u>
Rental income	3,088	2,712
	<u>8,666</u>	<u>6,234</u>
Equipment		
Rent	3,130	2,095
Maintenance	366	303
Depreciation	946	786
	<u>4,442</u>	<u>3,184</u>
	<u>\$13,108</u>	<u>\$ 9,418</u>

3. Securities

	1977		1976	
	Stated value	Market value	Stated value	Market value
	(in thousands of dollars)			
Bonds				
Canada	\$143,211	\$144,140	\$133,578	\$135,445
Provincial	12,764	11,230	16,039	14,511
Municipal			2,926	2,630
Corporate	97,076	97,701	45,937	45,784
	<u>253,051</u>	<u>253,071</u>	<u>198,480</u>	<u>198,370</u>
Stocks				
Preferred	167,984	173,724	73,311	76,024
Common	36,309	48,229	36,361	46,367
	<u>204,293</u>	<u>221,953</u>	<u>109,672</u>	<u>122,391</u>
	<u>\$457,344</u>	<u>\$475,024</u>	<u>\$308,152</u>	<u>\$320,761</u>

4. Allowance for Investment Losses

	1977	1976
	(in thousands of dollars)	
Balance at beginning of year	\$ 3,777	\$ 3,591
Provision charged to other expense	2,300	1,017
Investment gains (losses)		
Securities, net of income taxes	(9)	(192)
Loans, net of recoveries	(974)	(639)
Balance at end of year	<u>\$ 5,094</u>	<u>\$ 3,777</u>

The allowance for investment losses has been applied to selected investments on the consolidated statement of condition as follows:

	1977	1976
	(in thousands of dollars)	
Corporate bonds	\$ 1,840	\$ 1,427
Preferred stocks	2,085	1,268
Conventional mortgages	678	648
Consumer and personal loans	491	434
	<u>\$ 5,094</u>	<u>\$ 3,777</u>

5. Land, Premises and Equipment

(a) Cost and net depreciated values:

	1977		1976	
	Cost	Accumulated depreciation	Net	Net
	(in thousands of dollars)			
Land	\$ 6,724	\$	\$ 6,724	\$ 5,716
Land held for development	1,605		1,605	1,199
Buildings	34,647	11,009	23,638	19,912
Leasehold improvements	5,531	1,909	3,622	2,834
Equipment	13,180	8,384	4,796	4,247
Automobiles	166	73	93	96
	<u>\$61,853</u>	<u>\$21,375</u>	<u>\$40,478</u>	<u>\$34,004</u>

(c) The aggregate minimum rentals payable under premises and equipment leases in effect at December 31, 1977 are as follows for each of the periods shown:

	Premises	Equipment	Total
	(in thousands of dollars)		
1978 - 1982	\$17,966	\$ 914	\$18,880
1983 - 1987	13,044		13,044
1988 - 1992	7,703		7,703
thereafter	7,046		7,046

6. Income Taxes

A portion of the company's income is tax-exempt income debenture and dividend income; accordingly income taxes as provided in the consolidated statement of earnings are less than the amount obtained by applying statutory tax rates to earnings before income taxes.

Certain items of income and expense are recognized in time periods different for financial reporting than for income tax purposes. Full provision for income taxes is made in the consolidated statement of earnings using the tax allocation method and income taxes related to the following items are recorded in future income taxes in the consolidated statement of condition.

	1977	1976
	(in thousands of dollars)	
Taxes applicable to:		
Special reserve allowed under		
Section 33 of the Income Tax Act (Canada)	\$20,823	\$17,814
Allowance for investment losses	(2,593)	(1,953)
Excess of capital cost allowances over		
amounts provided in the accounts	10,505	8,078
Other items - net	2,480	1,248
	<u>\$31,215</u>	<u>\$25,187</u>

7. Other Expense

Other expense in the consolidated statement of earnings is grouped in general categories as follows:

	1977	1976
	(in thousands of dollars)	
Stationery, telephone, postage and travelling	\$ 4,677	\$ 3,707
Insurance, commissions and fees	3,555	2,722
Provision for investment losses	2,300	1,017
Employee training and development	1,785	1,582
Miscellaneous	2,916	1,442
	<u>\$15,233</u>	<u>\$10,470</u>

8. Mortgage Commitments

Outstanding commitments for future advances on mortgages are \$334,138,000 at December 31, 1977 and were \$318,962,000 at December 31, 1976.

9. Deposits

Consolidated net assets held to secure guaranteed trust deposits of the companies are \$2,495,533,000 at December 31, 1977 and were \$2,126,434,000 at December 31, 1976.

Chequable, savings and cashable term deposits are payable after notice.

10. Trust Advances

Advances to estates, trusts and agencies included in trust advances and other secured loans amounted to \$4,923,000 in 1977 and were \$6,885,000 in 1976.

11. Pension Plan

The latest actuarial valuation as at June 30, 1976 indicated an unfunded liability of \$5,378,000. Since that date improvements to the plan have created an additional unfunded liability of \$609,000.

These liabilities are funded by annual charges to operations and by special periodic payments. In 1977 a special payment of \$1,000,000 brought the total company contributions to \$3,025,000 (1976, \$1,799,000). These contributions are included in pension and other employee benefits.

On the actuaries' recommendation future annual minimum payments to liquidate the unfunded liability are as follows:

Annual payment
(in thousands of dollars)

1978 - 1980	\$ 1,153
1981	627
1982 - 1989	226
1990	112
1991	69
1992	37

12. Remuneration of Directors and Senior Officers

The aggregate direct remuneration, including the cost of all pension benefits, paid or payable to directors and senior officers of the company was as follows:

	1977		1976	
	Number	Amount	Number	Amount
Directors	49	\$ 155,000	53	\$ 151,000
Senior officers	23	1,310,000	23	1,242,000
	<u>72</u>	<u>\$1,465,000</u>	<u>76</u>	<u>\$1,393,000</u>

13. Anti-Inflation Act

The companies are subject to the Anti-Inflation Act, which provides for restraint on profit margins, compensation to employees and dividends to shareholders. Dividends from October 14, 1977 to October 13, 1978 may not be increased by more than 6% per annum.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF CANADA TRUSTCO MORTGAGE COMPANY

We have examined the consolidated statement of condition of Canada Trustco Mortgage Company as at December 31, 1977 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial condition for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial condition of the company as at December 31, 1977 and the results of its operations and changes in its financial condition for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

January 24, 1978
London, Canada

Thorne Riddell & Co.
Chartered Accountants

QUARTERLY ANALYSIS OF NET EARNINGS

(in thousands of dollars except interest rate spread and earnings per share)

Quarter	Interest rate spread-taxable equivalent basis	Investment income less interest on deposits	Fees and commissions	Non interest expenses	Net earnings	Net earnings per common share - fully diluted
1st	2.14%	\$ 9,733	\$ 4,920	\$ 8,490	\$ 3,405	\$.62
2nd	2.37	10,654	3,687	8,627	3,100	.56
3rd	1.69	8,545	4,835	8,739	2,970	.54
4th	2.22	10,806	4,305	9,153	3,427	.62
1973	2.11	39,738	17,747	35,009	12,902	2.34
1st	1.63	9,004	5,863	10,029	2,891	.52
2nd	1.54	8,531	5,183	10,855	2,035	.37
3rd	1.35	7,737	5,429	10,702	1,996	.36
4th	1.40	8,036	4,782	10,973	2,107	.36
1974	1.47	33,308	21,257	42,559	9,029	1.61
1st	1.48	8,762	6,121	11,731	2,391	.40
2nd	1.93	11,851	6,179	12,914	3,680	.57
3rd	1.76	11,885	6,971	13,436	3,750	.55
4th	1.90	12,481	6,733	14,565	4,258	.62
1975	1.77	44,979	26,004	52,646	14,079	2.14
1st	1.74	12,854	7,451	15,030	4,112	.60
2nd	1.85	13,330	6,344	15,379	4,103	.59
3rd	1.68	14,120	7,377	16,494	4,197	.57
4th	1.93	16,075	6,695	17,107	5,291	.71
1976	1.80	56,379	27,867	64,010	17,703	2.47
1st	1.90	18,868	8,378	19,012	6,299	.76
2nd	2.10	21,246	7,926	20,472	7,078	.82
3rd	2.31	24,098	8,686	22,088	8,224	.95
4th	2.25	24,467	7,780	21,940	8,385	.97
1977	2.14	88,679	32,770	83,512	29,986	3.50

MATURITIES (in thousands)

Investments

Maturity dates	Cash and equivalent	Securities (1)	Mortgages (2)	Other loans and investments	December 31, 1977		December 31, 1976	
					Total	%	Total	%
On demand and within one year	\$464,264	\$ 19,903	\$ 802,410	\$112,335	\$1,398,912	32.1	\$1,156,336	31.5
1 - 2 years		64,814	642,852	26,523	734,189	16.8	630,418	17.2
2 - 3 years		75,482	633,433	13,628	722,543	16.6	648,208	17.7
3 - 4 years		10,589	391,868	9,131	411,588	9.4	509,491	13.9
4 - 5 years		9,399	602,479	7,062	618,940	14.2	387,276	10.6
after 5 years		183,607	119,866	35,219	338,692	7.8	209,410	5.7
stocks		87,509			87,509	2.0	86,586	2.3
accrued interest	8,650	6,041	30,317	1,579	46,587	1.1	39,540	1.1
	<u>\$472,914</u>	<u>\$457,344</u>	<u>\$3,223,225</u>	<u>\$205,477</u>	<u>\$4,358,960</u>	<u>100.0</u>	<u>\$3,667,265</u>	<u>100.0</u>

Deposits

Maturity dates	Chequable and savings	Cashable term	Term (2)	December 31, 1977		December 31, 1976	
				Total	%	Total	%
Payable after notice and within one year	\$1,241,930	\$253,046	\$ 563,809	\$2,058,785	49.4	\$1,693,345	48.1
1 - 2 years			406,071	406,071	9.8	402,048	11.4
2 - 3 years			394,278	394,278	9.5	331,633	9.4
3 - 4 years			549,684	549,684	13.2	338,292	9.6
4 - 5 years			464,798	464,798	11.2	532,596	15.1
after 5 years			133,700	133,700	3.2	114,207	3.2
accrued interest	9,157	2,881	144,127	156,165	3.7	111,627	3.2
	<u>\$1,251,087</u>	<u>\$255,927</u>	<u>\$2,656,467</u>	<u>\$4,163,481</u>	<u>100.0</u>	<u>\$3,523,748</u>	<u>100.0</u>

- (1) Securities include various types of bonds and preferred and common stocks, all reflected at stated cost. Preferred stocks which have a specific redemption feature at the option of the holder are reflected in the year when the option may first be exercised. Securities maturing over one year include \$103 million on which the interest or dividend rate floats either with the prime bank rate or with the interest rate paid on savings accounts.
- (2) Historically, approximately 65% of term deposits are renewed at maturity. Of mortgages not fully paid on maturity, approximately 68% are extended by renewal agreement usually on the same amortization schedule adjusted for any variation in interest rates.
- (3) The maturities have been arranged to reflect anticipated principal repayments on mortgages, other loans, equipment leased to others and income averaging contracts in the years they are due.

FIVE YEAR FINANCIAL ANALYSIS

year ended December 31

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
EARNINGS (as % of income)					
Income					
Investment	90.6%	89.6%	87.6%	87.5%	88.0%
Fees and commissions	7.5	8.6	10.4	10.3	10.4
Other	1.9	1.8	2.0	2.2	1.6
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expense					
Interest on deposits	70.3	72.4	69.7	71.5	64.7
Salaries, employee benefits and commissions	11.7	12.5	13.7	13.4	12.9
Other	7.4	7.1	7.3	7.1	7.7
	<u>89.4</u>	<u>92.0</u>	<u>90.7</u>	<u>92.0</u>	<u>85.3</u>
Earnings before income taxes	10.6	8.0	9.3	8.0	14.7
Income taxes	3.7	2.6	3.7	3.7	7.1
Net earnings	<u>6.9%</u>	<u>5.4%</u>	<u>5.6%</u>	<u>4.3%</u>	<u>7.6%</u>
NET EARNINGS RATIOS					
To average					
Assets	.74%	.60%	.58%	.44%	.72%
Convertible preference and common shareholders' equity	19.1 %	14.2 %	13.1 %	11.2 %	17.2 %
Per full-time employee	\$11,243	\$8,025	\$6,328	\$4,169	\$6,308
ASSETS, LIABILITIES AND EQUITY (as % of total assets)					
Assets					
Cash and equivalent	10.7%	9.8%	7.0%	5.7%	4.0%
Securities	10.4	8.3	9.4	8.4	10.3
Loans	77.2	80.3	81.9	84.0	84.4
Equipment leased to others	.7	.7	.6	.4	
Land, premises and equipment	1.0	.9	1.1	1.5	1.3
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Liabilities					
Deposits payable after notice	34.2%	33.6%	28.6%	31.1%	32.0%
Term deposits	60.4	61.6	66.0	63.8	62.8
Total deposits	94.6	95.2	94.6	94.9	94.8
Other liabilities	.4	.1	.1	.2	.2
Future income taxes	.7	.7	.7	.9	.9
	<u>95.7</u>	<u>96.0</u>	<u>95.4</u>	<u>96.0</u>	<u>95.9</u>
Shareholders' equity	4.3	4.0	4.6	4.0	4.1
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
ASSET, LIABILITY AND EQUITY RATIOS					
Loans					
To total deposits	81.6%	84.4%	86.6%	88.5%	89.0%
Shareholders' equity					
To loans	5.6%	5.0%	5.6%	4.8%	4.9%
Deposit multiple	18.48x	19.90x	18.05x	19.32x	19.62x
Preference share portion of shareholders' equity	33.0%	25.5%	31.2%	9.6%	

SIMPLIFIED FINANCIAL STATEMENTS

Year ended December 31
1977 1976
(in thousands of dollars)

HOW WE EARNED OUR INCOME

1. Interest from cashable term deposits and bonds held to provide cash as required and to meet government regulations	\$ 51,951	\$ 37,181
2. Dividends from shares we own in other companies	10,823	6,872
3. Interest from mortgages, advances, other secured and consumer loans held as investments	331,309	247,499
4. Income from leasing equipment to Air Canada, The Province of British Columbia and the City of Edmonton	1,908	1,172
5. Fees and commissions from services we provided our clients in		
(a) administering the assets of		
(i) personal trusts	9,449	8,475
(ii) pension and pooled trust funds	5,556	4,496
(b) transferring stocks, acting as bond trustee, disbursing dividends and interest of other companies	2,005	1,802
(c) selling residential, commercial and industrial real estate	15,760	13,094
6. Service charges, commission on sale of Canada Savings Bonds and the other services we provide	<u>8,213</u>	<u>5,976</u>
Total income earned	<u>\$436,974</u>	<u>\$326,567</u>

HOW WE USED OUR INCOME

1. Interest paid on the money our clients entrusted to us in		
(a) chequing, personal chequing, daily interest savings, savings, registered home ownership and retirement savings accounts	\$ 61,817	\$ 57,675
(b) short term certificates cashable after notice	16,132	11,775
(c) debentures, guaranteed investment certificates, retirement savings term accounts and income averaging contracts	229,363	166,895
2. Salaries paid, including pension and other benefit costs, to our employees	40,421	31,876
3. Commissions paid to sales representatives for selling real estate	10,852	8,910
4. The cost, less rents earned, of our office space, computer and other equipment to provide our services	13,108	9,418
5. Paid for advertising, research and promotion	3,898	3,336
6. Paid for stationery, telephone and other costs required to conduct our business, and provide for possible future investment losses	15,233	10,470
7. Provided for income taxes to the Government of Canada and to the Provinces in which we operate	16,164	8,509
8. Dividends paid to shareholders	12,816	9,675
9. Earnings retained to finance future growth	<u>17,170</u>	<u>8,028</u>
Total income used	<u>\$436,974</u>	<u>\$326,567</u>

At December 31
1977 1976
(in thousands of dollars)

HOW WE OBTAINED MONEY TO INVEST

1. Held in separate chequing, personal chequing, daily interest savings, savings, registered home ownership and retirement savings accounts	\$1,251,087	\$1,060,468
2. Held in certificates of deposit which mature in less than one year	255,927	183,989
3. Held in debentures, guaranteed investment certificates, retirement savings term accounts and income averaging contracts	2,656,467	2,279,291
4. Other liabilities outstanding at year-end which will be paid at a future date	15,503	5,139
5. Income taxes which may be paid at some future date	31,215	25,187
6. Money invested by shareholders to finance the operation and future growth	<u>189,239</u>	<u>147,447</u>
Total money obtained	<u>\$4,399,438</u>	<u>\$3,701,521</u>

HOW WE INVESTED THIS MONEY

1. Held in cash and invested in cashable term deposits and notes which can be cashed on short notice to meet the daily demands of our clients	\$ 472,914	\$ 360,297
2. Invested in securities issued by the Government of Canada, Provincial Governments, Municipalities and Corporations	457,344	308,152
3. Invested in mortgage, consumer, personal and other loans to help finance our clients' needs	3,396,057	2,973,890
4. Invested in equipment leased to Air Canada, the Province of British Columbia and the City of Edmonton	28,837	24,577
5. Purchased land, buildings and equipment necessary to provide services from coast to coast at our 138 (125 in 1976) branches and mortgage offices and 58 (56 in 1976) real estate offices	40,478	34,004
6. Income taxes recoverable		252
7. Real estate acquired in settlement of loans	<u>3,808</u>	<u>349</u>
Total money invested	<u>\$4,399,438</u>	<u>\$3,701,521</u>
Value of assets handled by our trust departments	\$3,460,000	\$3,189,000
Total value of assets entrusted to our care	\$7,860,000	\$6,891,000

FOURTH QUARTER CONSOLIDATED STATEMENT OF EARNINGS

three months ended December 31

(unaudited)

	1977	1976	% Increase (Decrease)
Income			
Investment			
Cashable term deposits and securities	\$ 16,952,000	\$ 12,471,000	36
Loans and other	88,272,000	70,598,000	25
	<u>105,224,000</u>	<u>83,069,000</u>	27
Fees and commissions			
Personal trust	2,628,000	2,124,000	24
Pension and pooled trust funds	590,000	466,000	27
Corporate trust	689,000	505,000	36
Real estate sales	3,873,000	3,600,000	8
	<u>7,780,000</u>	<u>6,695,000</u>	16
Other	2,462,000	1,995,000	23
	<u>115,466,000</u>	<u>91,759,000</u>	26
Expense			
Interest on deposits	80,757,000	66,994,000	21
Salaries, pension and other employee benefits	10,473,000	8,361,000	25
Real estate commissions	2,827,000	2,404,000	18
Net occupancy and equipment	3,334,000	2,263,000	47
Advertising	849,000	768,000	11
Other	4,457,000	3,311,000	43
	<u>102,697,000</u>	<u>84,101,000</u>	22
Earnings before income taxes	12,769,000	7,658,000	67
Income taxes	4,384,000	2,367,000	85
Net earnings	<u>\$ 8,385,000</u>	<u>\$ 5,291,000</u>	58
Attributed to			
Preference shares non-convertible	\$ 474,000	\$ 141,000	236
Preference shares convertible	565,000	544,000	4
Common shares	7,346,000	4,606,000	59
	<u>\$ 8,385,000</u>	<u>\$ 5,291,000</u>	58
Net earnings per common share - basic	\$ 1.06	76c	39
Net earnings per common share - fully diluted	.97	71	37
Dividends paid per common share	.30	30	

EXECUTIVE MANAGEMENT

J. Allyn Taylor
Chairman of the Board and of
the Executive Committee

Arthur H. Mingay *
President and Chief Executive Officer

Mervyn L. Lahn *
Executive Vice-President

SENIOR MANAGEMENT

REGIONAL

• PACIFIC REGION

Regional Office
901 West Pender at Hornby, Vancouver

Archie H. Kerr *
Senior Vice-President

Kenneth W. Shewfelt
Assistant Vice-President

Kenneth W. Meston
Assistant Vice-President-Manager,
Vancouver Main Branch

• PRAIRIE REGION

Regional Office
239-8th Avenue S.W., Calgary

Derek J. Warren *
Senior Vice-President

Robert J. McClelland
Assistant Vice-President

Larry J. Honcoop
Assistant Vice-President-Manager,
Calgary Main Branch

• SOUTHWESTERN ONTARIO REGION

Regional Office
220 Dundas at Clarence, London

Peter C. Maurice *
Vice-President

Robert P. Morneau
Assistant Vice-President

A. James Scafe
Assistant Vice-President-Manager,
London Main Branch

• MIDWESTERN ONTARIO REGION

Regional Office
305 King W. at Water, Kitchener

J. Terence Osbourne *
Vice-President

Alan D. Munro
Assistant Vice-President

Wilfred W. Park
Assistant Vice-President-Manager,
Kitchener Main Branch

• CENTRAL ONTARIO REGION

Regional Office
110 Yonge at Adelaide, Toronto

Melvin M. Hawkrigg *
Senior Vice-President

Liam S. O'Brien
Vice-President,
Corporate Business Development

George W. Stoyles
Vice-President-Manager,
Toronto Main Branch

Fred S. Collier
Assistant Vice-President

• HAMILTON/NIAGARA REGION

Regional Office
60 James at King, St. Catharines

Leo P. Sauve *
Vice-President

Eric G. Smith
Assistant Vice-President

Ronald Clayton
Assistant Vice-President-Manager,
Hamilton Main Branch

• NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

Regional Office
170 Laurier W. at Metcalfe, Ottawa

Leonard W. Stoll *
Vice-President

Stan A. Martin
Assistant Vice-President

James R. Wilken
Assistant Vice-President-Manager,
Ottawa Main Branch

HEAD OFFICE

Canada Trust Tower
275 Dundas at Wellington, London

• CLIENT SERVICES

Jack H. Speake *
Group Vice-President

Charles C. Parsons *
Vice-President-Administrative Services

D. Eric MacMillan
Assistant Vice-President-
Administrative Services

Norman White
Assistant Vice-President-Computer
Services

J. Brent Kelman
Assistant Vice-President-Development
and Technical Services

B. Eric Minns
Vice-President-Savings Services

Sean J. McNamara
Assistant Vice-President-Deposit
Services

William C. Thornhill
Assistant Vice-President-Investment
Funds Services

Robert E. Redgwell
Vice-President-Comptroller

Gwyn E. Williams
Vice-President-Loans and Real Estate
Services

Douglas R. Dolman
Assistant Vice-President-Premises

Warren C. Elliott
Assistant Vice-President-Mortgage
Services

Robert M. Overholt
Assistant Vice-President-Loans
Services

G. Douglas Peaker
Assistant Vice-President-Real Estate
Sales

Eric W. Daly
Assistant Vice-President-Planning

P. Albert Heiland
Assistant Vice-President-Pension and
Corporate Services

Donald A. MacDonald
Assistant Vice-President-Corporate
Trust Services

Frank W. Pratt
Assistant Vice-President-Advertising
Services

John D. Richardson
Assistant Vice-President-Personal
Trust Services

• FINANCE

Herbert N. Seath *
Senior Vice-President

W. James Blowers
Vice-President-Investments

E. Donald L. Miller
Vice-President-Treasurer

• PERSONNEL SERVICES

James T. Lindores *
Vice-President

Duncan F. Tilly
Assistant Vice-President-Personnel
Resources

• GENERAL COUNSEL AND SECRETARY

C. Robert Clarke
Vice-president

• AUDIT SERVICES

John L. Doran
Assistant Vice-President

* Member - Corporate Management Group

ADVISORY GROUPS

PACIFIC

*R.B. WILSON, Victoria
President, The B. Wilson Company Limited

C.W. BRAZIER, Vancouver
Barrister and Solicitor

H. CLARK BENTALL, Vancouver
Chairman and Chief Executive Officer
Dominion Construction Company Limited

C.C. KNUDSEN, Vancouver
President and Chief Executive Officer
MacMillan Bloedel Limited

RICHARD I. NELSON, Vancouver
Chairman and Chief Executive Officer
British Columbia Packers Limited

EDWIN C. PHILLIPS, Vancouver
President and Chief Executive Officer
Westcoast Transmission Company Limited

CLARKE A. SIMPKINS, Vancouver
President, Clarke Simpkins Limited

H.R. STEPHEN, Victoria
Retired Executive

J.D. WILSON, Vancouver
Corporate Director

OAKVILLE

*WESLEY J. BEATTY, Acton
Retired Executive

JOHN R. BARBER, Georgetown
President, Barber & Henley Limited

J.S. BEATTY, Oakville
Retired Executive

M.C. BEATY, Georgetown
Real Estate Representative

A.G. CLARKSON, Mississauga
Professional Engineer

*Chairman

F.M. EARLY, Brampton
President, Early's Farm Supply Ltd.

REFORD GARDHOUSE, Milton
Livestock Farmer

E. DUNLOP GOULDING, Toronto
Vice-Chairman, Goulding Rose & Turner Ltd.

MICHAEL LEDWITH, Milton
Real Estate

W.H. McCAUGHERTY, Weston
Retired Farmer

ANGUS McMILLAN, Oakville
Barrister and Solicitor

EARL S. PORTEOUS, Dundas
Retired Executive

EVERETT E. SLACER, Oakville
Retired Farmer

REAL ESTATE AND MORTGAGE OFFICE LOCATIONS

Gerry T. O'Connor
Regional Real Estate Manager
Pacific Region

PACIFIC REGION

VANCOUVER
1475 W. Broadway at Granville
5710 Yew at West 41st

BURNABY
5665 Kingsway near Royal Oak

RICHMOND
Brighouse Centre, No. 3 at Cook Rd.

VICTORIA
1537 Hillside Ave.
2262 Oak Bay Ave. (in The Village)
714 Coldstream Ave.

NANAIMO
94 Commercial St.

PRINCE GEORGE
Victoria at 5th

Stan Turner
Regional Real Estate Manager
Prairie Region

PRAIRIE REGION

CALGARY
6624 Centre S. at Glenmore Tr.
1324 Centre St. N.E.

EDMONTON
9805 - 71st St.

RED DEER
4928 Ross St.

LETHBRIDGE
3rd Ave. at 7th St.

MEDICINE HAT
3rd St. at 5th Ave. S.E.

REGINA
277 Albert at 3rd Ave. N.

SASKATOON
2nd Ave. N. at 22nd St. E.

WINNIPEG
1103 Henderson Hwy. at Oakland

BRANDON
636 Rosser Ave.

Gene L. Baillargeon
Regional Real Estate Manager
Southwestern and Midwestern Ontario Regions

SOUTHWESTERN ONTARIO REGION

SARNIA
350 Christina at London Rd.

LONDON
245 Pall Mall near Richmond
1314 Huron at Highbury
Sherwood Forest Mall
Century Centre, Wellington S. at Bradley
795 Wonderland at Westmount Mall

ST. THOMAS
378 Talbot at Elgin

STRATHROY
360 Caradoc at Ontario

SIMCOE
46 Norfolk at Young

MIDWESTERN ONTARIO REGION

KITCHENER
305 King at Water

WATERLOO
225 Weber St. N.

STRATFORD
187 Ontario St.

CAMBRIDGE
415 Hespeler Rd.

ELMIRA
53 Arthur St.

GUELPH
34 Wyndham at Cork

FERGUS
298 St. Andrews at Tower

Jim R. Grieve
Regional Real Estate Manager
Hamilton/Niagara, Central Ontario and
Northern Ontario/Quebec/Atlantic Regions

HAMILTON/NIAGARA REGION

HAMILTON
592 Upper James at Brucedale

BURLINGTON
Eastway Plaza, 4045 New St.

DUNDAS
60 King St. W.

CALEDONIA
14 Caithness St. E.

ST. CATHARINES
Midtown Plaza, 104 Welland Ave.

NIAGARA FALLS
4463 Queen at St. Clair

WELLAND
87 Main at Cross

CENTRAL ONTARIO REGION

TORONTO CENTRAL
472 Eglinton W. at Castle Knock

TORONTO NORTH
6989 Yonge at Steeles

TORONTO EAST
2432 Eglinton E. at Kennedy
Shoppers' World, 3003 Danforth Ave.

TORONTO WEST
2962 Bloor near Royal York
Markland Wood Plaza, 4335 Bloor W. at
Mill Rd.
109 Rexdale near Islington

MISSISSAUGA
Highway 10 south of 5

RICHMOND HILL
Hillcrest Mall

OSHAWA
19 Simcoe N. at King

OAKVILLE
83 Trafalgar at Lakeshore E.

BRAMPTON
28 Main St. N.

GEORGETOWN
29 Main at James

BARRIE
91 Dunlop at Memorial Square

NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

OTTAWA
Rideau View Mall, 1430 Prince of Wales Dr.

HALIFAX
6239 Quinpool at Monastery

MORTGAGE OFFICES

TORONTO
250 Bloor E. at Jarvis

OWEN SOUND
830-3rd Ave. E.

BRANCHES

PACIFIC REGION

VANCOUVER

901 West Pender at Hornby
5695 Cambie at 41st
416 Main at Hastings
2198 West 41st at Yew
1040 Denman at Comox

WEST VANCOUVER

Park Royal Shopping Centre

NEW WESTMINSTER

6th St. at 7th Ave.

BURNABY

5000 Kingsway Plaza

RICHMOND

Lansdowne Park Mall
Brighthouse Centre, No. 3 at Cook Rd.

CLEARBROOK

Meadow Fair Plaza

VICTORIA

650 View at Broad

NANAIMO

86 Commercial St.

PRINCE GEORGE

Victoria at 5th

PRAIRIE REGION

CALGARY

8th Ave. S.W. at 2nd
Market Mall
Southcentre Mall

EDMONTON

100th St. at 101A Ave.
Thorncliffe Plaza, 8246 - 175th St.

RED DEER

4928 Ross St.

LETHBRIDGE

3rd Ave. at 7th St. S.

MEDICINE HAT

3rd St. at 5th Ave. S.E.

REGINA

1921 Scarth at Victoria Pk.

SASKATOON

2nd Ave. N. at 22nd St. E.

MOOSE JAW

318 Main St. N.

WINNIPEG

230 Portage at Fort
Unicity Mall

BRANDON

636 Rosser Ave.

SOUTHWESTERN ONTARIO REGION

WINDSOR

190 University W. at Victoria
600 Ouellette at Wyandotte
Devonshire Mall

SARNIA

357 Christina at London Rd.
139 Lochiel near Christina

CHATHAM

62 King at Market Square
Chatham Place

LEAMINGTON

1 Talbot at Erie

LONDON

City Centre, 275 Dundas at Wellington
220 Dundas at Clarence
4 Covent Market Place
1401 Ernest at Bradley
795 Wonderland at Westmount Mall
1213 Oxford near Hyde Park
1055 Hutton Rd. at Sherwood
754 Dundas at English
191 Wortley at Elmwood
1137 Richmond at University
Horizon Mall, 1253 Huron at Highbury
1030 Adelaide at Cheapside
305 Boler Rd. near Commissioners

ST. THOMAS

378 Talbot at Elgin
Elgin Mall

STRATHROY

360 Caradoc at Ontario

DELHI

78 Church at Queen

SIMCOE

46 Norfolk at Young
Simcoe Mall

MIDWESTERN ONTARIO REGION

KITCHENER

305 King at Water
69 King at Ontario
Market Square
Fairview Mall
693 Belmont at Claremont
Forest Hill Plaza, 421 Greenbrook Dr.
Stanley Park Mall, 1005 Ottawa at River
Pioneer Park Plaza, 123 Pioneer Park Dr.

WATERLOO

90 Weber at Lincoln
8 Erb at King
Westmount Place

STRATFORD

41 Downie at Albert

CAMBRIDGE

44 Main St. (Galt)
John Galt Centre
699 King at Westminster (Preston)

ELMIRA

53 Arthur St.

GUELPH

34 Wyndham at Cork
Willow West Mall
666 Woolwich at Speedvale

FERGUS

298 St. Andrews at Tower

LISTOWEL

Listowel Plaza, Highway 23

Cambie at 41st, Vancouver



8th Ave. S.W. at 2nd, Calgary



HAMILTON/NIAGARA REGION

HAMILTON

46 King E. at Hughson
Jackson Square
Greater Hamilton Shopping Centre (in Robinson's)
Eastgate Square

BURLINGTON

Burlington Mall
Burlington Mall (in Robinson's)
510 Brant at Caroline

DUNDAS

King W. at Sydenham

STONEY CREEK

99 Highway 8

GRIMSBY

56 Main at Christie

DUNNVILLE

163 Lock at Queen

ST. CATHARINES

60 James at King
Pen Centre
Grantham Plaza, 364 Scott St.

NIAGARA FALLS

4463 Queen at St. Clair
Town & Country Plaza, 3645 Portage Rd.
Niagara Square

THOROLD

16 Front at Albert

WELLAND

87 Main at Cross

FORT ERIE

70 Jarvis St.

PORT COLBORNE

136 Clarence at Elm

CENTRAL ONTARIO REGION

TORONTO CENTRAL

110 Yonge at Adelaide
1468 Queen W. at Lansdowne
558 Bloor W. at Bathurst
15 St. Clair W. at Yonge
1064 Eglinton W. at Bathurst
472 Eglinton W. at Castle Knock
2453 Yonge at Erskine

TORONTO NORTH

St. Andrews Plaza, 29 The Links Rd.
Fairview Mall

Bayview Woods Plaza, 644 Finch bet.
Bayview and Leslie

TORONTO EAST

Shoppers' World, 3003 Danforth Ave.

TORONTO WEST

Richview Plaza, 250 Wincott at
Eglinton W.
3006 Bloor near Royal York
2913 Lakeshore W., 1 mi. west of
Royal York
Markland Wood Plaza, 4335 Bloor W. at
Mill Rd.

MISSISSAUGA

Highway 10 south of 5
Square One

RICHMOND HILL

Hillcrest Mall

OSHAWA

19 Simcoe N. at King

OAKVILLE

282 Lakeshore E. at Trafalgar

BRAMPTON

28 Main St. N.
Bramalea City Centre
Shoppers' World

GEORGETOWN

29 Main at James

MILTON

252 Main at Charles

BARRIE

91 Dunlop at Memorial Square

NORTHERN ONTARIO/QUEBEC/ ATLANTIC REGION

OTTAWA

170 Laurier W. at Metcalfe
Sparks St. Mall

KINGSTON

94 Princess at Wellington

CORNWALL

6 - 2nd E. at Pitt

KAPUSKASING

Model City Mall

KIRKLAND LAKE

51 Government Rd. W.

NEW LISKEARD

Timiskaming Square

NORTH BAY

414 Fraser at McIntyre

North Bay Mall

SUDBURY

124 Cedar near Lisgar

TIMMINS

194 Third at Cedar

MONTREAL

800 Dorchester Blvd. W.

HALIFAX

6239 Quinpool at Monastery

28 Main St. N., Brampton



Hutton Rd. at Sherwood, London



